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FINANCIAL TIMES

LONDON - FRANKFURT - NEW YORK

No. 30,504 *** Saturday 2/Sunday 3 April 1988

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WOLSELEY

WORLD NEWS

Soviet Union rejects US Afghan plan

THE Soviet Union yesterday rejected a proposal by US Secretary of State George Shultz, that the US and the Soviet Union should continue to give military aid to their allies in the Afghan war during a Soviet withdrawal.

Five dead in Ulster crash

Five people were killed and three injured in a road crash in South Londonderry.

Fifth man charged

Antony Gallagher, 17, was accused in Belfast of causing grievous bodily harm to a British corporal. He is the fifth man charged in connection with the murder of two soldiers at an IRA funeral on March 19.

Gibraltar inquiry urged

Labour MPs stepped up pressure for an inquiry into last month's shootings in Gibraltar of three IRA terrorists by British troops.

Meese ruling

A special prosecutor said there was insufficient evidence to bring charges against US Attorney General Edwin Meese. Earlier story, Page 2.

\$25m US aid for Contras

President Reagan signed a Congressional bill giving \$25m (\$25m) of humanitarian aid to Nicaraguan Contra rebels. Page 2.

Sikhs gun down 34

Thirty four Indians, including 18 members of a single family, were shot dead by Sikh terrorists in Patoda, near Amritsar. Page 3.

UK rejects Cypriot plea

The Government dismissed an appeal by newly-elected Cypriot president George Vassiliou for British troops on the island to be withdrawn. Page 2.

Turks kill 29 Kurds

Twenty Kurdish guerrillas and three Turkish troops died in a battle near the Syrian border. Page 2.

Iraq in chemical charge

Iraq claimed 75 people were killed and more than 100 injured in further Iraqi chemical bomb attacks on Kurdish towns. Page 2.

Aldermaston revisited

Thousands of people began a four-day march to Aldermaston, the atomic weapons establishment, on the 30th anniversary of the first "Ban the Bomb" march.

Awards for FT writers

Financial Times writers Robin Lane Fox, Clement Crisp and John Wyles, were named in the 1987 British press awards. Page 3.

Fortune for tuna

An Irish supermarket chain paid more than £2,000 for a 70lb tuna netted off the Republic's Blasket Islands.

Seoul shipyard strike

A protester set himself on fire as more than 10,000 workers at South Korea's second largest shipyard went on strike to press for a 55 per cent pay rise.

Financial Times

The Financial Times will not be published on Easter Monday. The next issue will be on Tuesday.

BUSINESS SUMMARY

Siemens and Westinghouse to collaborate

THE FIRST stage of a collaboration between Siemens of West Germany and Westinghouse Electric of the US was announced by both companies.

FT Ordinary Share Index fell 84.9

over the week to close at 1,386.7 as the market extended the fall which began at the end of the previous week following dollar uncertainty.

PERKINS ENGINES, British-based engine arm of Canadian Varity group, and US Detroit Diesel Corporation, in which General Motors has a large minority stake, are to merge and rationalise their distributor networks in North America. Page 9.

SECURITIES and Investments Board, umbrella body for the City's self-regulatory system, is attempting to set up the first international network of bilateral agreements between supervisors of investment and securities firms. Page 4.

EUROPEAN COMMISSION is asking Japan to clarify advantages offered to US contractors. Page 3.

US SENATE overwhelmingly passed a bill phasing out the separation between banking and commerce in the 1933 Glass-Steagall Act. Page 3.

JAPAN'S unadjusted current surplus fell to \$6.85bn (£3.7bn) in February from a surplus of \$7.85bn a year earlier, but rose from a \$3.52bn surplus the previous month. Page 3.

US UNEMPLOYMENT fell to 5.6 per cent in March, the lowest level this decade, from 5.7 per cent in February. Page 2.

CONFEDERATION of British Industry warned that employers who become too closely involved in pension mortgage arrangements risk losing the tax-approved status of their company pension schemes. Page 4.

R.H. MACY, the privately-owned New York retailing group, emerged as the high bidder in the record-breaking \$6.7bn (£3.5bn) auction for US Federated Department Stores. Page 9.

DEWEY WARREN Holdings, Robert Holmes & Court's London-based financial services group, hit by disastrous arbitrage investments, reported a pre-tax loss of £29m for 1987. Back Page.

BLANKHEIM EXHIBITIONS, conference and exhibitions organiser, has more than doubled pre-tax profits to £1.43m for the six months to February 29, 1988. The advance from £602,000 was made on turnover ahead to £5.83m (£2.22m). Page 8.

BANK OF ITALY lifted the restrictions on bank lending that are known as the massimale or corset. Page 2.

Figures from European markets in the following table are from Thursday.

| DOLLAR | | STERLING | |
|--------------------------|--|------------------------------|--|
| New York lunchtime: | | New York lunchtime \$1,890.5 | |
| DM 1.6555 | | London: \$1,880 (L8700) | |
| FFr 5.6155 | | DM 3.1250 (3.1125) | |
| SFr 1.3685 | | FFr 10.5975 (10.5625) | |
| Y124.05 | | SFr 2.5750 (2.5675) | |
| London: | | Y254.25 (253.75) | |
| DM 1.6560 (L6640) | | Sterling index 78.1 (77.7) | |
| FFr 5.6125 (5.6425) | | | |
| SFr 1.3685 (1.3735) | | | |
| Y124.10 (125.00) | | | |
| Dollar index 92.2 (92.8) | | | |
| Tokyo close Y124.10 | | | |

US LUNCHTIME RATES

Fed Funds 6%
3-month Treasury Bills: yield: 5.683
Long Bond: 101.4 yield: 8.751

GOLD

New York: Comex June 547.9
London: \$456.25 (454.25)

STOCK INDICES

FT Ord 1386.7 (1414)
FT-A All Share 896.75 (-8.18%)
FT-SE 100 1742.5 (-14.4)
FT-A long gilt yield index: 114.0 (115.00)
New York lunchtime:
DJ Ind Av 1988.06 (+9.95)
Tokyo:
Nikkei 26,104.22 (-168.04)

P&O raises pressure on striking seamen as negotiations collapse

BY JOHN GAPPER IN LONDON AND GEORGE GRAHAM IN PARIS

P&O European Ferries is to step up pressure on its 2,300 striking seafarers to accept new contracts including changes to working practices following the collapse yesterday of negotiations with the National Union of Seamen.

Mr Peter Ford, the company's chairman, said the NUS Dover port committee no longer represented its members' views. He believed a solution could be reached "whether we will go through the port committee or not is becoming a big issue."

Talks in London between the company and the union at the offices of the conciliation service ACAS ended without progress as queries of holidaymakers built up on both sides of the English Channel because of the P&O dispute and a strike called by French maritime unions.

Mr Ford said no further talks were planned following the union's rejection of a revised package of changes cutting the number of enforced redundancies from 460 to 382.

NUS leaders were also pessimistic about the chances of an early solution to the eight-week-old dispute. Mr Sam McCluskey, NUS general secretary, said the company had proved unwilling to negotiate seriously.

About 100 holiday coaches were last night waiting at Dover to catch ferries operated by Sealink. Waiting times at Calais averaged 18 hours for lorries and eight hours for coaches. Cars were moving relatively smoothly.

On Thursday, the High Court refused to allow a strike ballot of Sealink employees after Mr James Sherwood, chairman of Sea Containers, Sealink's parent company, was reported to have said it might also seek reductions in its ferry crews.

The rejection of an NUS application by Mr Justice Lacey means that employment law has in effect been extended to prohibit not only secondary industrial action but also a ballot preceding such action under the 1984 Trade Union Act.

However, the first hopes of a solution to the French dispute emerged yesterday after lengthy negotiations between unions and SNCF, the state-owned railway company which operates the French arm of Sealink.

Representatives of the Communist-led CGT transport union and the Socialist-led CFDT met in Paris yesterday. Mr Michel Feve, deputy managing director of SNCF, in Paris. Delegates indicated some progress had been made even though there was no breakthrough.

SNCF, which earlier won a court injunction ordering union pickets to end their occupation of the ferry Nord-Pas-de-Calais, told their lawyers not to serve the injunction in order "not to throw oil on the fire."

The Nord-Pas-de-Calais, a train ferry delivered to SNCF in December, is at the root of the dispute. The rail company wants to introduce new working conditions on the ferry, including increased use of seasonal labour.

Mr McCluskey is to address a mass meeting of seamen over the dispute in Dover tomorrow. He said he was confident the seamen would back their negotiators' rejection of more intensive working patterns.

P&O has accepted a revised package drawn up by Acas, known as Option B, under which the number of redundancies is reduced, and the maximum period seafarers would have to spend at sea on a single shift is cut from 72 hours to 24 hours.

Mr McCluskey said the new package meant that P&O employees would have to work an extra 28 days or 29 days of 24 hours each a year, without any increase in salaries.

David Charrhill adds: The Easter holiday period got under way yesterday with airlines and package holiday companies reporting a record level of demand while tens of thousands of holidaymakers faced long delays or cancellations because of the Dover ferry dispute.

P&O European Ferries had been expected to transport some 100,000 holidaymakers over the weekend from Dover.

The bad news for ferry passengers, however, was good news for Continued on Back Page

Two Palestinians killed as Israel lifts restrictions

BY ANDREW WHITLEY IN JERUSALEM

TWO PALESTINIANS were killed yesterday and 13 others injured in the West Bank, a few hours after the lifting of three days of severe restrictions described by senior officials as a success.

Mr Yitzhak Rabin, the Israeli Defence Minister, said the temporary closure of the territories had been intended as a warning that harsher measures were in store if necessary.

These could come as soon as next week when the Palestinian underground leadership has called for three days of strikes and protests against the visits of Mr George Shultz, the US Secretary of State, for the next round of the US peace initiative.

Israel is nervous over the proliferation of ballistic missiles in the Middle East. Yesterday it warned its Arab neighbours against taking advantage of the uprising in the occupied territories to launch a surprise attack.

The warning, from Mr Rabin, was clearly aimed at Saudi Arabia which recently received Chinese missiles. It came on the eve of the long Passover holiday and reflected nervousness within the military establishment over the possibility of a repetition of the October 1973 war, when Syrian and Egyptian attacks on the Yom Kippur holiday.

Earlier this week, Mr Ariel Sharon, the former Defence Minister, predicted that the uprising could trigger another war.

"The central problem before us today is how to prevent the deteriorating situation from bringing a surprise Arab war," he said on the state radio.

Mr Sharon, now Trade and Industry Minister, has been pressing hard for an all-out crackdown on the West Bank and Gaza Strip.

His arguments have repeatedly been turned down by the policy-making inner Cabinet. Israel's principal strategic concern is the threat of a missile attack on its cities, particularly using chemical warheads.

Mr Rabin told local newspapers that Israel's army was capable of dropping a hundred tonnes of ordnance on Arab cities for every tonne deposited on Israel.

The latest flare-up in the West Bank took place in the village of Idna, near Hebron, a regular trouble spot. The army said troops were compelled to open fire when villagers hurled rocks and molotov cocktails at them soon after the ending of Friday prayers in the village mosque.

The two deaths brought the Palestinian death toll since early December to 126, 45 of them in the last month. Over the same period one Israeli soldier has been killed and two others seriously injured.

According to the army commander of the Gaza Strip 500 Palestinians were arrested Monday night and Thursday when the region was placed under a round-the-clock curfew, and all links with the outside world were cut.

WEEKEND FT



SADDEST NATIONS

Edward Mortimer finds a legacy of guilt, embarrassment and recrimination over Poland's Holocaust. Page 1.

FINANCE

US investment guru Warren Buffet gives his view of the markets. Page V.

OLYMPICS

Michael Thompson-Noel reports on the Olympic city of Seoul and on the preparations for the Games. Pages VIII and XVIII.

COLLECTING

The Warhol collection - in colour. Page IX.

HOW TO SPEND IT

...on beautiful blouses. Page XV.

BOOKS

Testing times on the Education Secretary's plans for reform. Page XIII.

Sanctions in US trade bill

BY NANCY DUNNE IN WASHINGTON

A US House-Senate committee has included sanctions against Toshiba Corporation of Japan and Kongsberg Vapensfabrik of Norway in the US trade bill in retaliation for selling advanced technology to the Soviet Union.

The conference committee, formed to work on a compromise version of two bills approved by each of the chambers, dropped the contentious Gephardt Amendment, which would have been voted by President Ronald Reagan.

The amendment would have required action against countries running consistent trade surpluses with the US through unfair trade barriers. It was aimed at countries such as Japan, Taiwan and South Korea.

The conference also dropped a provision, sponsored by Congressman John Bryant, which would have required foreign investors to give more detailed statements on the extent of US holdings, repealed the windfall oil profits tax, and provided for a US government procurement contract for three years and banned imports from its subsidiary, Toshiba Machine Company, for three years. The compromise saved most of Toshiba's \$28-a-year US market.

Kongsberg will be unable to compete for Pentagon contracts for the next three years, and will lose its work on the Penguin "Tyrone" anti-ship missile for the US navy. There is, however, a waiver allowing Kongsberg to bid if the Pentagon deems it necessary for US security.

Kongsberg can continue to supply parts and sub-components for the F-16 fighter.

House members delayed consideration of the most controversial measure until three days after its author, Congressman Richard Gephardt, withdrew from the Democratic race for the presidency.

His amendment was replaced by a less onerous Senate plan giving the President considerable discretion but requiring more investigations of suspected unfair trade practices.

Most of the measures considered by the House were introduced in the White House in response to a report from the President's Commission on Unfair Trade Practices.

The original Senate proposal banned Toshiba from providing for US government procurement contracts for three years and banned imports from its subsidiary, Toshiba Machine Company, for three years. The compromise

Pound strengthens while \$ falls

BY SIMON HOLBERTON AND RALPH ATKINS

THE POUND continued to strengthen yesterday on those foreign exchange markets which were open following its sharp rise in Europe on Thursday.

The dollar, meanwhile, showed further signs of weakness.

In New York, sterling opened at \$1.658 and by lunchtime was trading at \$1.6595. Against the D-Mark, it reached DM3.1287 at lunchtime. Earlier in Tokyo it rose above DM3.13 at one point. New York trade was thin as dealers prepared for the Easter holiday.

On the last full day of European trading, sterling had gone sharply higher in spite of a "smoothing" operation by the Bank of England to slow the rise. By the close of trading it stood at DM3.125 and \$1.653, compared with DM3.1185 and \$1.67 on Wednesday.

The Bank of England's trade-weighted sterling index closed 0.4 points up at 78.1.

The dollar fell in Tokyo in spite of reports of Bank of Japan intervention and opened in New York at Y123.95 compared with Thursday's New York close of Y124.4.

The renewed dollar weakness coincided with US figures yesterday showing unemployment last month at 5.6 per cent, the lowest level for a decade. Another 263,000 non-farm jobs were created in March. Moreover, however, were in service industries.

In European trading on Thursday, the dollar had lost almost 1% and nearly one penny.

It closed at DM1.656 compared with DM1.664 on Wednesday and at Y124.1 compared with Y125.0. London share prices also remained under pressure on Thursday, mainly because of fears about the impact of higher sterling on UK companies' exports to the Continent and US.

In addition, leading investing institutions do not seem prepared at present to commit funds to the market.

In quiet trading, the FT-SE 100 Share Index closed down 14.4 at 1,742.5; the FT Ordinary Index fell 11.4 to end at 1,386.7.

There is a general expectation that the pound could rise further in the week ahead, although the market remains cautious of what the Bank of England might do. The Bank's aim does not appear to be to stop the pound from rising but to slow it down.

The Bank's intervention in New York on Wednesday after Mr Nigel Lawson, the Chancellor, had given evidence to the Commons Treasury and Civil Service Committee stressing the battle against inflation as the most important aim of macro-economic policy. His comments were interpreted as meaning that interest rates would remain at current levels for some time.

In the markets, there is a widespread belief that the pound would have to trade above DM3.15 before the Government would feel it necessary to lower base rates again.

US jobs falls, Page 2; Editorial comment, Page 8; World stock markets, Page 10 and 11; Currencies, Page 12; Stock Exchange report, Page 12; Lex, Back Page.

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OVERSEAS NEWS

Kohl pressed on sanctions for S Africa

BY DAVID MARSH IN BONN

WEST Germany's Chancellor Helmut Kohl looks likely to come under growing parliamentary pressure to decide limited sanctions against South Africa following a surge of domestic criticism against Pretoria's apartheid policies.

Hungarian party blamed for hindering reforms

By Judy Dempsey in Vienna

THE Hungarian authorities have blamed the ruling Communist Party for hindering reforms, slowing up the Party's economic developments and failing to respond to the crisis of confidence permeating Hungarian society.

Bank of Italy lifts constraints on bank lending

By Alan Friedman in Milan

THE BANK of Italy yesterday lifted the restrictions on bank lending that are known as the massimale or corset. The credit constraints were introduced last September as part of a package of emergency measures to defend the lira.

Soviet strikers returning to work

By Leslie Collin in Moscow

A SENIOR Soviet official said that most of the striking workers in the Nagorno Karabakh region of Transcaucasia had returned to work yesterday and that their politically motivated strike - unprecedented in the Soviet Union - would be over by next Monday.

Washington agrees on Contra aid

By Lionel Barber in Washington

THE HOUSE of Representatives and the Senate have agreed on a bill providing for \$48m of humanitarian aid to the Nicaraguan Contras rebels.

Moscow heals rift with Italian Communists

BY JOHN WYLES IN ROME

THE extraordinary feting of an Italian Communist Party delegation to Moscow this week appears not only to have healed a deep six-year rift between the Soviet and Italian parties, but also to have marked a new political initiative by Mr Mikhail Gorbachev.

Thailand given exports threat

THE US Trade Representative, Mr Clayton Yentzer, yesterday announced a December 15 deadline for Thailand to improve its protection of intellectual property rights or face losing its right to export goods to the US duty free, Reuter reports.

US jobless falls to lowest rate in decade

THE US unemployment rate fell to 5.6 per cent in March, the lowest level this decade, from 5.7 per cent in February, Reuter reports.

Reagan tightens up on Noriega

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Reagan has ordered three new steps in a series of actions to tighten further the economic pressure on General Manuel Antonio Noriega, the Panamanian strongman.

Shultz seeks peace breakthrough

BY ANDREW WHITLEY IN JERUSALEM

US Secretary of State George Shultz returns to Israel tomorrow for his third, and possibly final, effort to achieve a breakthrough on his much criticised peace initiative for the Middle East.

Iraq chemical attacks' kill more Kurds

BY OUR MIDDLE EAST STAFF

ANOTHER 75 people have been killed and more than 100 injured in Iraq chemical bomb attacks on Kurdish villages, Iran claimed yesterday.

Ozal leaves on delicate visit to Baghdad

By Jim Hodgson in Ankara

TURKEY'S Prime Minister Mr Turgut Ozal left for Baghdad yesterday to bolster the Turkish balancing act of studied neutrality between the two Gulf war combatants.

New pressure on Meese to quit

BY LIONEL BARBER IN WASHINGTON

THE FUTURE of Mr Ed Meese, the embattled US Attorney General, remained in doubt yesterday amid continuing pressure for him to resign over his legal difficulties.

Washington agrees on Contra aid

By Lionel Barber in Washington

PRESIDENT Ronald Reagan yesterday signed into law a Congressional bill providing for \$48m of humanitarian aid to the Nicaraguan Contras rebels.

Reagan tightens up on Noriega

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Reagan has ordered three new steps in a series of actions to tighten further the economic pressure on General Manuel Antonio Noriega, the Panamanian strongman.

Paul Betts looks at a top bureaucrat's efforts to end turmoil at a ministry and promote French enterprise

Paris takes a quiet approach to industrial reform

MR Jean-Francois Saglio's appointment six months ago as France's new director generale de l'Industrie, the top civil servant job in the French industry ministry, went virtually unnoticed.

shipbuilding, with new horizontal divisions covering broader issues such as technology, standards, international competitiveness and taxation.

Coupled with this change in the workings of the administration, the emphasis of industrial policy was radically altered.

For the past six months, Mr Saglio has been quietly working to restore morale in this crucial department shaken not only by Mr Malescourge's term but also by Mr Madelin's approach to industrial policy.

"The mistake was perhaps in trying to do everything all at once. It takes time in change habits in the French administration and to launch a radical reform of a major government department," he remarked softly in his office.

Mr Madelin's idea was to transform the ministry into what he likes to call "the ministry of competitiveness." He also wanted to turn it into a management consultancy group to support French industry at large.

1986 the government, directly or indirectly, pumped into industry between FF300m and FF400m a year.

The first objective appears to have succeeded. The restructuring of troubled industrial sectors, started in several cases under the previous left-wing government, has paid dividends.

The shipbuilding industry, which had cost the state about FF15bn-FR17bn a year, today receives only about FF11bn a year in state aid.

"After restructuring, the operating losses of the steel industry last year totalled about FF400m-FF500m and the industry now concentrated in one group the size of US Steel or Nippon Steel will be operating in the black this year," said Mr Saglio.

The state Renault car group is operating profitably again, while the Bull computer group, which used to drain about FF1.5bn of state funds a year, is also in the black. "The same is true for the chemical industry, although the restructurings in the coal sector

are still costly. But at least we know where we are going now," Mr Saglio added.

The second target of creating a more favourable competitive environment for French enterprises has proved more difficult. The conservative government has sought to reduce the fiscal and social charges borne by enterprises at the same time as scrapping price controls and easing foreign exchange regulations, as well as giving companies greater flexibility in hiring and firing labour.

While direct state financial support for new investments has been reduced, the government has increased financial support for research and innovation.

But Mr Saglio acknowledges that the cost of money for small and medium-sized French enterprises remains too high, especially compared with neighbouring countries such as West Germany and the UK. The links between industry and research centres also remain relatively weak in France.

However, the sharp increase in France's industrial trade deficit is undoubtedly the most alarm-



Malescourge: an outsider not accepted by the troops



Shultz: return to Israel

Turkish security forces killed at least 20 Kurdish guerrillas in a day-long operation using helicopters near Nusaybin in the south-east Mardin province yesterday, writes Jim Hodgson in Ankara.

The guerrillas are alleged to be from the Marxist Kurdish Workers Party (PKK). This appears to be the fiercest frontlines with Kurdish guerrillas in the south-east since a concerted campaign was launched against them by the security forces in summer 1984.

tally with more cautious foreign ministry statements that Ankara's policy of 'active neutrality' was still intact despite the bombing.

Even the involvement this might imply has aroused scepticism in the past. Tehran at first denied the true intentions. Before departing for Baghdad yesterday, Mr Ozal stressed that Turkey did not want to interfere in any way in the conflict.

High on Mr Ozal's agenda during his three-day visit are security problems posed by Turkey's continued dependence for much of its imported crude needs on the twin Iraq export pipelines through Turkey.

These are Baghdad's main oil revenue lifelines, which at a combined capacity of 1.5m barrels a day, but the pipelines and the oilfields supplying them in northern Iraq are under increasing threat from Iranian-backed Kurdish guerrilla forces, a proxy army over which Tehran's ultimate control or influence is doubtful.

Ankara's anxiety has been heightened by reports that the pro-Iranian secessionist Kurdistan Patriotic Union (YPK) may be seeking to tie up with the Marxist Kurdish Workers Party (PKK) and individuals engaged in a small-scale but violent struggle for independence in several of Turkey's south-east provinces.

The Turkish military yesterday said 17 terrorists had been killed in a clash at Nusaybin in Mardin province, with 12 casualties for the security forces. Iraq has said it will focus on economic matters, including a cross-border railway link planned for several years without much progress.

Not much in the way of expanded economic relations for Turkey is expected in result from the visit - Iraq is strapped for cash, and already owes Turkey about \$1.6bn, which has been rescheduled since 1984.

Iraq is due to pay out \$60m this year to service Turkish debts, Turkish Finance and Customs Minister Ahmet Altuntemcin said.

Turkish exports to Iraq in fact increased by 70 per cent in 1987 in \$945m from a nadir in recent years. Imports fell by around 30 per cent in total \$768m, reflecting the international fall in prices over the period.

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Sikh terrorists gun down 34 in Punjab killings

BY K.K. SHARMA IN NEW DELHI

THE wave of killings in the insurgency-torn Indian state of Punjab intensified yesterday when 34 people, including 18 members of a single family, were gunned down by Sikh terrorists. This brings the total number of killed this week to 117. Most of the killings have been in Amritsar district, the site of the Golden Temple, the Sikhs' holiest shrine, and headquarters of the five high priests released from jail a month ago by the government.

prests, Jasbir Singh Bedi, has made contact with the militant groups and also publicly stated that he is opposed to the terrorist killings, especially those of Sikhs, but his counsel has apparently not prevailed. Instead, terrorist killings have suddenly increased and many observers feel that the government's "calculated risk" in releasing the high priests may have backfired. Jasbir Bedi has said that the militant groups he has contacted have denied they are responsible for the killings and that many of them claim that the government is behind the murders. It is possible that other militant groups have been formed which are outside the control of the high priests and the five-member "panthic" (religious) committee masterminding the Sikh movement. If so, no early

end to the Punjab killings is in sight. The authorities are now concerned that the terrorists are using highly sophisticated weapons. On Wednesday, terrorists attacked the house of a Sikh moderate with five rockets. Since the beginning of this year, the terrorists have been killing both Sikhs and Hindus. In recent weeks, most of those killed have been Sikhs and police suspect that the terrorists are hunting people they believe to be informers. Some of the murders are thought to be due to rivalry among the militant groups. The government last month amended the constitution to give it powers to declare an emergency in Punjab. Since the situation has now deteriorated considerably, it is possible that emergency powers will be invoked.

US Senate passes banking bill

BY JANET BUSH IN WASHINGTON

THE US Senate has voted overwhelmingly to pass a radical bill which would place on the separation between banking and commerce embodied in the 1933 Glass-Steagall Act. The bill, sponsored by the Senate Banking Committee, was passed by a majority of 94 to 2. It would allow commercial banks to own and operate securities affiliates and securities companies to enter the banking business. The sweeping proposals, introduced by Senator William Proxmire, chairman of the Senate Banking Committee and strongly backed by the US Treasury, were expected to be passed by a comfortable margin in the Senate. However, the size of the vote in favour took even the most optimistic supporters of the bill by surprise. During the debate, there was clearly an overwriting view among Senate Republicans that should be given as unanimous support as possible, despite many misgivings about some aspects of the proposed legislation.

The Senate wanted to send a strong signal as possible to the House of Representatives, which has its own, much more restrictive bill. The Proxmire bill would give commercial banks immediate authority to underwrite commercial paper, municipal revenue bonds, mortgage-backed securities and securities backed by other assets. Banks would be permitted to start underwriting corporate debt issues and mutual funds six months after enactment of the legislation. The last, and most prized, power to underwrite corporate equities would depend on an expedited vote in Congress in 1991. In contrast, the so-called "committee print" tabled by Mr Ferdinand St Germain, chairman of the Senate Banking Committee, would only allow banks to underwrite commercial paper, municipal revenue bonds, mortgage-backed securities and securities

backed by consumer debt. Any proposals on banking reform to emerge from the House Banking Committee would also have to be considered by the powerful House Energy and Commerce Committee chaired by Mr John Dingell who is also opposed to sweeping new powers for banks. Although Mr St Germain and Mr Dingell have considerable power in their respective committees, there has been a great deal of opposition within the House to Mr St Germain's restrictive proposals. There were signs last week that support was building gradually for an alternative House Banking Committee bill modelled on the Proxmire proposals. Supporters of the Proxmire legislation expressed the hope last week that disarray in the House on these issues and the resulting vote in the Senate would tip the balance in favour of radical rather than limited reform as the lobbying continues.

Enterprise draft law unveiled in Peking

By Lynne Curry in Peking

CHINA has unveiled a series of new bills designed to provide the legal framework for the next stage of its market-oriented reforms. The main core of the draft legislation presented to the National People's Congress is aimed at giving factory managers in industrial enterprises greater authority in day-to-day decision making. The draft, entitled the Industrial Enterprise Bill, spells out how managers are to be appointed, the power they will have, and provides a basis for firing the Chinese call the factory director responsibility system. This system is designed to make managers directly responsible for profits and losses. The bill also defines the separation of ownership and managerial authority of enterprises, the rights of workers, and the relationship between enterprises and the government. One Asian diplomat said: "This is striking out in a new area. There are long-term implications for China's production system. This will form the basis for economic activity extending well into the next century."

Pressure grows for inquiry into Gibraltar shooting

BY TOM LYNCH AND PETER RIDDELL

OPPOSITION PRESSURE is increasing for a full inquiry into the shooting in Gibraltar a month ago of three IRA terrorists by British forces. This is in spite of the angry response by Mrs Margaret Thatcher and other Conservative MPs to the investigation of the incident by Amnesty International, the human rights group. Both Mr Gerald Kaufman, Shadow Foreign Secretary, and Mr Kevin McNamara, Labour's Northern Ireland spokesman, have argued that existing explanations are inadequate. However, Conservative MPs are united in backing Mrs Thatcher's dismissal of the Amnesty letter to her seeking clarification of what happened. She apparently regards the inquiry as "utterly disgraceful". Officials made it clear yesterday that Mrs Thatcher was unlikely to give a personal reply to Amnesty's request. The Government does not intend to co-operate with the Amnesty investigation. Conservative criticism of Amnesty increased yesterday when Sir John Biggs-Davison, chairman of the Conservative backbench Northern Ireland committee, said Amnesty's interference in advance of the inquest was "prejudicially impertinent". Sir John added: "Some of us who have been helpful to Amnesty in our constituencies, and further



Margaret Thatcher, called Amnesty inquiry 'disgraceful'

inquiry was "a stunt without substance". To cheer from her own backbenches, the Prime Minister told him: "I agree with almost every word you have put so ably in your question. I hope Amnesty has some concern for the more than 2,000 people murdered by the IRA since 1969." She insisted that the inquest was "the proper occasion for the matters in question to be examined". Amnesty said it had received a number of angry telephone calls about the letter. "We can understand that people are upset, but we hope that, when the emotions die down, they will see that ensuring human rights are upheld is more important."

The inquest is not expected to take place before the end of next month and the Gibraltar Coroner has yet to notify the Government about its proposed conduct. Ministers are determined to ensure the security of the Special Air Service members involved in the shooting, so that evidence could be given in a secret session. The Ministry of Defence said it had promised full co-operation with the coroner, and insisted that Sir Geoffrey Howe, the Foreign Secretary, had made it "categorically clear" in a Commons statement that the terrorists had been challenged before being shot. Edward Mortimer's comment, Page 7

Kinnock attacks benefits changes

By Tom Lynch

MR NEIL KINNOCK, the Leader of the Opposition, launched a strong attack on yesterday's changes to the benefits system when he faced Mrs Margaret Thatcher, the Prime Minister, in the last question time before the Easter recess. He said many poor people would lose out in the Government's changes to housing benefit and rates relief. He called the last day of the old system "the first Maundy Thursday in history where, instead of giving money to the poor, rulers are taking money from the poor."

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Bae 'likely to continue Metro'

BY IVOR OWEN

BRITISH Aerospace would be "foolish" not to build on the success achieved by the Metro when it takes over the Rover group, Mr Robert Atkins, Undersecretary for Trade and Industry, told the Commons on Thursday. He reaffirmed that the Government would not impose constraints on the new management in an explanation of why he was unable to guarantee that the Metro would be continued. However, Mr Atkins said he was sure the option of not continuing the Metro, which accounts for 40 per cent of Rover's sales, would not be pursued "too closely".

BAe, which will enable it to secure its acquisition for £150m after it has received an injection of £800m in state aid, as the equivalent of making a gift-wrapped present of the state-owned automotive concern. He said the Government was not imposing constraints on the new management in an explanation of why he was unable to guarantee that the Metro would be continued.

He was backed by Mr Roger King, Tory MP for Birmingham Northfield - Rover's Longbridge plant straddles their two constituencies - in stressing the importance of ensuring that plans for a Metro replacement were carried through. Mr Miller questioned the reason for the undertaking secured by the Government that BAe would not be reduced to either Austin Rover or Land Rover within five years. He said: "If there is any indication that Honda may not wish to proceed, other than on a model-by-model basis, and may have long-term plans for producing independently on its own, why, ob why, impose the condition that within five years BAe should not divest itself of the cars division?"

Alcohol sales at garages banned

By Ivor Owen

PEERS imposed a ban on the sale of alcohol by garages and service stations on Thursday, defeating the Government. An all-party amendment to the Licensing Bill authorising the ban was carried by a House of Lords majority of 18 (8-45). Earl Ferrers, Home Office Minister, said only 150 licences had been granted to garages, mainly in rural areas, and that no problems had come to light. "There is no evidence that where alcohol is sold at garages it encourages people to drink and drive," he said. However, Viscount Brentford (Conservative) was joined by Baroness Ewart-Biggs (Labour) in arguing that the sale of alcohol at garages conflicted with the Don't Drink and Drive campaign. The Government accepted an amendment to allow grocery stores to sell alcohol from 8 am instead of 8.30 am, in response to representations by retailers.

EC asks Japan to clarify US contract terms

BY BOB KING IN TAPEI

THE European Commission is asking the Japanese Government for clarification of the advantages being offered to US contractors, a European Community official said yesterday. William Dawkins, reports from Brussels. While the Brussels authorities have only outline details of the measures, the EC would find any trade discrimination unacceptable, the official said. The EC has been "pressing for more open procurement procedures and free competition for large public infrastructure projects in Japan, as a result of which Tokyo has promised not to discriminate against Community contractors. The EC intended to ensure Japan keeps to that promise, the official added. While the Commission welcomed that a French company had won a recent design contract for the new Kansai airport, this was not enough to mollify Brussels.

Taiwan sets general free after 33 years' arrest

BY BOB KING IN TAPEI

A HIGHLY-DECORATED general has been cleared in Taiwan of treason charges and been freed after 33 years of arrest following the release of a 1965 Government report by the Control Yuan, an executive branch of government. The move to re-open the case of General Sun Li-jen, who headed Nationalist Chinese forces during the Burma Campaign against the Japanese in World War II and who became known as the "invincible general" for his exploits, could pave the way for re-examination of others convicted on sedition charges over the past 40 years. General Sun and a subordinate, Major Kuo Ting-lang, were convicted in 1955 of plotting a coup d'etat against the government of Chiang Kai-shek. Mr Sun was implicated on the testimony of Mr Kuo, who in recent weeks has repudiated his confession, saying it was given under coercion. The Control Yuan, one of the

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Richard Gourlay watches a re-enactment of the Crucifixion

Philippines Good Friday has no gimmicks but a lot of show

FOR THE past 12 years, Lucie Reyes's hands and feet have been nailed to a cross on Good Friday in a devout, if gruesome, re-enactment of the crucifixion of Jesus Christ. The capacity crowd event in a normally sleepy rice-growing village outside Manila has no gimmicks but lots of show. The attending "Roman soldiers" sporting brilliant red tunics and spears his sharpened four-inch nails more than a dozen times to secure Lucie to her cross. Throughout the deeply Roman Catholic Philippines during the Lenten period, similar displays of penitence (penitencia) take place that seem equally gruesome to the outsider. Whether it is the flagellantes whipping their backs into a bloody pulp while they drag a cross through town to their Golgotha or a barefoot march behind a Crucifix, Filipinos probably consider their faith more openly than Roman Catholics anywhere else in the world.



Cardinal Sin: embarrassed years ago.

The Philippines took the plays and in a characteristically exuberant fashion, transformed them. What they lacked in splendour, compared to the lavish social events put on by the Spaniards, they more than made up for with their literal productions. To those *indios*, it must have been a strange religion. The Spanish arrived with an edict from God - via Pope Alexander VI - that their lands had been given to Portugal and Spain and that anyone who opposed them would be killed as apostats of Satan. They were also asked to identify the body and blood of Christ with bread and wine - *comunicados* they rarely saw - where rice and *bucco* juice (coconut milk) might have been more appropriate symbols. The *indios'* own gods did not

Japan's current account surplus falls to \$6.85bn

JAPAN'S unadjusted current surplus fell to \$6.85bn (\$7.7bn) in February from a surplus of \$7.85bn in January. On a seasonally adjusted basis, the current account in February showed a \$7.85bn surplus against one of \$8.05bn in January, while trade was \$8.45bn against \$9.10bn the previous month. Unadjusted exports rose 17.9 per cent to \$19.87bn in February from \$16.85bn a year earlier, while imports surged 45.1 per cent to \$12.45bn from \$8.56bn.

FT writers are named in press awards

BY FEONA McEWAN

THREE Financial Times writers are named in the 1987 British Press Awards announced today. Robin Lane Fox, gardening correspondent, has won the Arthur Sandes award, introduced last year for outstanding contributions to leisure writing. Clement Cisp, the FT's dance critic, has been commended in the critic of the year category, and John Wyles, the Rome correspondent, is commended in the David Holden award. Robin Lane Fox, who has written for the FT for 18 years, was praised by the judges for "his unrivalled ability to write in a consistently witty and enlightening way about gardening and gardeners."

Raymond Snoddy on the monopolies inquiry into recording copyright

MENTION THE initials PPL to Mr James Gordon, managing director of Radio Clyde, the Glasgow station, and he will be asked to look in particular at PPI's charging of a common tariff for all records and the institution of needletime. For years, Mr Gordon, who is chairman of the copyright committee of the Association of Independent Radio Contractors, has been arguing that British broadcasters have to pay too much to the record companies for the right to broadcast recordings, mostly commercial music, compared with other countries. Radio Clyde pays PPL about \$20,000 a year out of an AIRC total of about £3m based on a formula of 4 per cent of advertising revenue up to £1.5m and 7 per cent thereafter for up to nine hours a day of playing time. The BBC pays more than £5m a year for all its radio and television outlets both in the UK and overseas. The US does not recognise a separate broadcast copyright for record manufacturers, and radio stations simply play records "for free." Countries such as Belgium, Netherlands and Portugal offer no protection, although voluntary payments are made. France, Italy and Denmark adopt the "first fixation" principle, under which copyright fees are only paid in the country where the record is first fixed or published unless there are reciprocal arrangements with other

Fresh hearing for broadcasters' tune

by a separate organisation, the Performing Right Society. The commission has been asked to look in particular at PPI's charging of a common tariff for all records and the institution of needletime. For years, Mr Gordon, who is chairman of the copyright committee of the Association of Independent Radio Contractors, has been arguing that British broadcasters have to pay too much to the record companies for the right to broadcast recordings, mostly commercial music, compared with other countries. Radio Clyde pays PPL about \$20,000 a year out of an AIRC total of about £3m based on a formula of 4 per cent of advertising revenue up to £1.5m and 7 per cent thereafter for up to nine hours a day of playing time. The BBC pays more than £5m a year for all its radio and television outlets both in the UK and overseas. The US does not recognise a separate broadcast copyright for record manufacturers, and radio stations simply play records "for free." Countries such as Belgium, Netherlands and Portugal offer no protection, although voluntary payments are made. France, Italy and Denmark adopt the "first fixation" principle, under which copyright fees are only paid in the country where the record is first fixed or published unless there are reciprocal arrangements with other

UK NEWS

SIB presses for link with foreign regulatory bodies

BY CLIVE WOLMAN

THE SECURITIES and Investments Board, the umbrella body for the City's self-regulatory system, is attempting to set up the first international network of bilateral agreements between supervisors of investment and securities firms.

The need for such a network has become more pressing as a result of the unexpectedly large number of UK branches of foreign banks and other financial institutions that have applied for authorisation to a self-regulatory organisation under the Financial Services Act.

When the act comes into force on April 28, SIB will be the authorised investment business to have minimum levels of capital backing as a cushion against possible losses and to protect investors. Because UK branches of foreign institutions are not separately capitalised, the branch depends on the parent institution, which cannot easily be monitored by a UK regulator.

Most of the 250 foreign-owned branches seeking authorisation have applied to The Securities Association, the regulatory body for the Stock Exchange, although about 40 have applied to the Association of Futures Brokers and Dealers and 20 to the Investment Managers Regulatory Organisation.

The SIB came from about 10 countries, of which half are considered by the SIB to have supervisors of adequate calibre, typically central banks which monitor closely the capital of the institutions.

The SIB sent a questionnaire to these supervisors at the end of last year asking about their practices. It also sent a draft bilateral memorandum of understanding which it wants agreed between each of them and the SIB. The memorandum would require a regular exchange of information. As part of the proposed arrangements for the 250 branches, which were published on Thursday, the SIB has informed the supervisors in these countries that it is prepared to waive the capital adequacy rules

for the branches of institutions which they monitor.

However, this is conditional on their agreement to the proposed memorandum of understanding with possible amendments, before the end of August, when the central compensation scheme for investors will be introduced.

The countries considered to have adequate supervision of their financial institutions are almost exclusively western industrialised countries, in particular from the European Community, North America and Japan.

Branches of institutions from less developed countries in which the SIB has not yet fully evolved are in a second category. These will also not be subject to the capital adequacy rules. However, they will be required to present a guarantee of sufficient resources to meet calls from the compensation fund. This will have to be provided by another independent institution, normally a bank or insurance company.

As an alternative, the branch will be allowed to provide the guarantee by depositing cash or securities with a trustee.

The third category covers branches of institutions from countries, most commonly tax havens, which have no supervisors or where the supervisors are unable to exchange any information because of bank secrecy laws. In these cases, the branches will normally be required to be incorporated as separate subsidiaries, to which the capital adequacy rules will be applied in full.

At present, the main forum for exchanges of information between financial supervisors is the Basle committee, which allows the Group of Ten leading industrial countries to pool information on their international banks.

However, a similar multilateral arrangement between the supervisors of securities firms is still far away and a series of bilateral agreements which extend beyond capital adequacy issues is considered a more likely development.

Surge in nickel cost will raise price of alloy steel

BY NICK GARRETT

CONSUMERS of alloy steel are bracing themselves for substantial price increases as a result of a sharp rise in the cost of nickel.

Some British producers of engineering steel with a low nickel content, including United Engineering Steels (UES), have already notified customers that an existing nickel surcharge will be increased from next week.

However, the main price rises will affect stainless steel, which can have up to 12 per cent nickel content and which is widely used in the manufacture of household utensils and goods such as washing machines and refrigerators.

The British Steel Corporation, the principal producer of stainless steel in the UK, has written to customers warning that a surcharge will be introduced to help cover the higher cost of nickel and, to a lesser extent, of chrome and molybdenum.

Arthur Lee, a Sheffield re-roller which buys its stainless steel from BSC as well as from continental producers, said that if the corporation clawed back all the nickel price rise, the cost of some types of steel might increase by 20 to 40 per cent.

Some French and West Ger-

man stainless steel producers are imposing an emergency 10 per cent surcharge from next month. Engineering steels, used in the automotive and aerospace industries, contain much less alloy than stainless steel, ranging from 0.5 per cent to 3 per cent.

Sheffield-based UES, one of Europe's main producers of engineering steel, is increasing its nickel surcharge from 10 pence per tonne to 12 pence per tonne of steel to £1.

Glywood, a Midlands re-roller, is also tripling its nickel surcharge.

Steel consumers have already had to contend with significant increases in the cost of other raw materials this year. Many grades of mild steel increased by 7 per cent last month. The basic price of stainless steel rose by 6 per cent in January and would have risen another 10 per cent in May without the nickel price increase.

Mr Jeff Sampson, managing director of GEC's Hotpoint washing machines, dish washers, tumble driers and refrigerators, said these basic steel increases alone would lead to higher prices in the high street.

In the series on investor protection, Nick Bunker looks at the problems facing Fimbra Investment watchdog shows fighting spirit

HALF-WAY BETWEEN Houndsditch and Bishopsgate in London, Mr Ray O'Brien sits on the fifth floor of a building in Cannon Street and tackles one of the City's hardest tasks.

Mr O'Brien is 51 and from a long way north of Watford. He is chief executive of the Financial Intermediaries, Managers and Brokers Regulatory Association. Fimbra is one of the bodies set up under the 1986 Financial Services Act to police Britain's investment industry.

Mr O'Brien's first mission is to finish, as soon as possible, the huge job of authorising about 9,500 businesses to trade as independent intermediaries selling life assurance, unit trusts and other savings products.

Fortunately, Mr O'Brien is used to stress. He is an Oxford graduate who spent 27 years in local government. Those years have probably given him a far broader spread of experience - including data processing, and running the Nottinghamshire police authority - than he could have gained in the City.

His most relevant post was chief executive of Merseyside County Council, which he held for eight years until 1986. The stint included the 1981 Tenthers riots, battles between Labour councillors and Whitehall over the council's spending policies and continuous pressure to make services provide value for money.

"We were late-capped, then we were abolished. If a problem existed in local government, we had it," says Mr O'Brien.

Some of his biggest problems now are purely administrative, says Mr O'Brien, and so far suspension. A year ago he had 40 employees and 1,650 members and was approving applications from another 30 to 50 each week at his cramped headquarters in Great Tower Street in London.

Today, its membership totals 6,300 investment firms and sole traders. A further 6,300 application forms are at various stages of processing. Some 1,161 flooded in on February 27, the so-called P-day, the deadline for investment businesses to apply for regulatory authorisation if they wanted to avoid being forced to shut up shop when the act comes fully into force on April 28.

Fimbra's staff has grown to 263, and its operations have

spilled over into two more buildings in London EC2.

Mr O'Brien says: "You can't overcome the difficulties caused by operating in three locations." Fimbra plans to move soon to a single building in docklands.

The key managerial question now concerns the speed at which it can process all the applications. Perhaps 20 per cent to 30 per cent are obviously unsuitable and fall by the wayside quite quickly, according to Mr O'Brien. Fimbra says that so far none of the disappointed applicants has appealed.

Each application is 35 pages long, including 100 questions with "yes" or "no" answers plus dozens of more complicated queries. Even with 80 people working full-time on processing them, Fimbra is only clearing 200 applications a week. Mr O'Brien says it will be September before it has cleared the whole backlog.

In the meantime, several thousand applicants will have only interim authorisation to do investment business - and, so far, charge its members. It has 42 compliance staff, but has had to rely heavily on big accountancy firms to help with the workload.

There is also some uncertainty over Fimbra's ultimate costs, which will govern the fees it can charge its members. Last June, Fimbra calculated on spending £8.2m on regulation in 1988, but there have been so many uncertainties that budgeting has been very difficult.

Mr O'Brien estimates that in the year to June 30 1988 Fimbra will have spent roughly £2m on regulation, plus a levy to the SIB of between £1.2m and £1.6m, depending on Fimbra's ultimate membership.

However, the most sensitive

problem is that some of the new self-regulatory system's key elements are still not entirely settled.

Sir Gordon Borrie, Director-General of Fair Trading, has criticised the SIB's concept of "polarisation" - which lays down that investment intermediaries must choose either to be fully independent or to act as direct salesmen for only one life company, bank or unit trust group.

The OFT has also castigated as anti-competitive a proposed commission agreement between life companies and unit trust groups which will mean that independent intermediaries are freed from an absolute obligation to disclose in pounds and pence the commission payments they receive.

Mr O'Brien insists that the SIB should resist any pressure to water down polarisation or force the abandonment of the commission agreement. Tampering with polarisation would leave the new system "a very dangerous and slippery slope," he says.

Hanging over Fimbra is the shadow of 1992 - the target date for the European Community to achieve a free market in financial services, which may mean harmonising the member states' regulatory systems. Britain might have to rewrite its new investor protection rule books.

"I'd just like to know what the EC is saying about the things we're doing," says Mr O'Brien.

Next: The Association of Futures Brokers and Dealers

BT may lose monopoly on equipment approval

By David Thomas

BRITISH TELECOM looks set to lose another part of its monopoly hold on the telecommunications industry.

The Office of Telecommunications appears likely to strip BT of its monopoly of the approval of telecommunications equipment installed by private contractors on business premises.

Independent installers have to call in BT - their direct competitor - to give the final approval for equipment such as private exchanges to be linked up to BT's network.

The independent installation industry, which has flourished thanks to the liberalisation of the parts of the equipment market, has long complained that it is put at a significant disadvantage by BT's control over installations approval.

The chances that OfTel will end this arrangement have been increased by the establishment of a scheme by the British Standards Institution under which independent installers can be certified as qualified to do the job.

Professor Bryan Carsberg, OfTel director general, speaking to independent installers at the launch of the BSI scheme, said: "I am well aware of the fact that you are not BT are at a disadvantage."

He added that he had to be certain that removing BT's monopoly would not lead to a reduction in standards before he reached a final decision.

However, he said it was a distinct possibility that companies which had passed the BSI scheme would be allowed to complete an inspection without requiring final BT approval.

Mr Richard Woolman, chief executive of the Telecommunications Industry Association, the trade association for the independent sector which has strongly supported the BSI scheme, welcomed OfTel's statement.

Mr Woolman said that abolition of BT's monopoly "will help the user and the customer in the area between installation and connection."

BT's monopoly over equipment approval was briefly suspended when the company's engineers took industrial action in January 1987. Professor Carsberg said this experiment had generally been successful, though there had been some problems.

Supervision executive for Bank of England picked

BY DAVID LASCELLES, BANKING EDITOR

MR BRIAN QUINN is to be the Bank of England's new executive director in charge of banking supervision. He replaces Mr Rodney Galpin, who is leaving to become executive chairman of Standard Chartered.

The appointment was made by the Queen.

Mr Quinn, 51, is a former International Monetary Fund economist who joined the Bank in 1978. He has worked in its economics division, in the banks and as press officer. Most recently, he was head of the banking supervision department.

Mr Quinn has gained a reputation for vigour and sharpness of mind. London business have also commended his commonsense and fair approach to banking regulation.

In his new position, Mr Quinn will have to deal with important issues in the modernisation of UK banking supervision in the context of the bank's growing involvement in the securities

industry and in the light of attempts to harmonise banking supervision internationally.

His successor in the supervision department will be his deputy, Mr Roger Barnes.

Mr Roger Cooke, associate director in charge of international banking supervision, who leaves in October, will not be replaced directly, but his place on the Basle Committee of international banking supervisors will be taken by Mr John Beveridge, of the supervision department.

Mr Paul Kent, who takes over responsibility for the finance and industry area from Mr David Walker, the executive director, who is to become Securities and Investments Board chairman.

Mr Kent, currently head of the international division, will become an associate director rather than an executive director, meaning the Bank will have three executive directors rather than the usual four.

Coopers backed over bid advice

By Richard Waters

COOPERS & LYBRAND, the accountancy firm, has won an appeal against a criticism of lack of objectivity over its involvement in a takeover bid.

The decision, reached on Thursday evening, relieves Coopers of one of the most damaging public criticisms against an accountancy firm for several years.

It is also likely to boost the use of accountants in takeover bids, a trend which has become apparent in recent months.

Mr Brandon Gough, senior partner, said: "It is very important to us that we have been cleared."

"An adverse verdict would have raised considerable doubts about the adversarial role accountants play in takeover," he said.

The case followed a complaint over Coopers' role in helping Pilkington, an audit client, to fight off a takeover bid by BTR two years ago.

The complaint was made to the Institute of Chartered Accountants in England and Wales by Sir Owen Green, BTR chairman, who is himself a chartered accountant.

Coopers had written a report for Pilkington outlining what it claimed were flaws in BTR's profit record.

This report was later revised and used in conjunction with a briefing for a number of journalists, also given by Coopers.

The case, which alleged a lack of objectivity on the part of the accountants, was against Mr Richard North, a partner in the firm, because the institute can only discipline individual members.

Mr Gough said preparing analytical reports for clients in takeover bids did not undermine an auditor's independence or objectivity.

CBI warns employers on pension mortgage schemes

BY ERIC SHORT, PENSIONS CORRESPONDENT

EMPLOYERS who become too closely involved in the pension mortgage arrangements of their employees risk losing the tax-approved status of their company pension schemes, the Confederation of British Industry has warned.

The warning comes against a background of increasingly tight supervision by the Inland Revenue, which is watching for any misuse of pension scheme tax privileges.

The CBI points out, in a circular to members, that the term "pension mortgage" is something of a misnomer. It is an interest-free mortgage, with employees repaying the mortgage either from the tax-free cash sum available at retirement or from some other source of capital. The size of the cash sum is not known and the method is being increasingly used by employees.

However, the cash sum under any pension arrangement cannot be assigned, so it cannot be used directly as collateral for a mortgage. The sole security for the CBI still fears that about 100 employers overall changes to the tax regime for pension schemes.

The Superannuation Funds Office of the Inland Revenue has said that as long as schemes keep pension mortgages at arms' length they will not jeopardise their tax approval but the CBI still fears that about 100 employers overall changes to the tax regime for pension schemes.

Paints factory to close with loss of 200 jobs

By Nick Garrett

WILLIAMS HOLDINGS is closing the former Berger paints plant in Bristol with the loss of 200 jobs and transferring production to factories in the north of England.

The Berger paints operation was purchased by Williams in January and the company has since been looking at the possibility of rationalisation.

Williams will concentrate paint production at plants in Darwen, Lancashire, and Haliwell, North Yorkshire, with part of the Bristol paint operation, which Williams purchased last year.

Darwen will be the company's main production centre. Seventy jobs are to be created as the plant goes on to three shifts.

Haliwell will offer 60 jobs as it moves on to a two-shift operation.

Growth at Griffin Factors

BY RICHARD WATERS

GRIFFIN FACTORS, the subsidiary of Midland Bank, reported a 30 per cent growth in turnover last year, taking it to £105m and underlining a strong year of growth for factoring companies.

The growth was fuelled by a 50 per cent increase in invoice discounting, which now accounts for half its business, said Mr Adrian Neaves, managing director. Invoice discounting involves

financing companies' trade debtors. Factoring, a service mainly for smaller companies which includes debt collection, grew only marginally during the year.

Pre-tax profits grew by 21 per cent to £5.1m.

The number of customers of the factoring and invoice discounting industry as a whole grew by only 12 per cent to just over 5,000 last year.

Civil servants relocated

By Richard Evans

FOUR-FIFTHS of the Civil Service is located outside Greater London following a concerted campaign by the Government to obtain better value for money.

Figures released in a Commons written answer on Thursday show that, since 1979, 5,500 posts out of a planned target of 5,500 have been dispersed in the relocation exercise. Plans are in hand to complete the remainder.

Over the same period, and on their own initiative, departments have relocated more than 4,000 other posts away from London and the south-east.

No further specific central targets are being set by the Government but departments will continue to review location of work strategies to see if further moves would be cost-effective.

Capital gains tax

BARCLAYSHARE points out that, because of a typographical error, the valuation figure for General Accident shares on April 15 this year was incorrectly given in the table of the effects of capital gains tax legislation on £1,000 invested on 6/4/65) reproduced in the March 30 issue of the Financial Times. The correct valuation is £7,647.86 (not £2,549.29).

This means that the capital gains tax payable prior to April 6 is £1,749.65 (£220.05). Under the new regime, after April 6, the CGT payable by the basic rate taxpayer would be £1,028.21 - a saving of 41.3 per cent, and by a higher rate taxpayer £1,645.14 - a saving of 6 per cent.

Kevin Brown foresees a painful transition as railway managers switch to a business driven by competitive pressures

InterCity is left standing alone after 40 years of subsidies

THE GOVERNMENT'S grip on British Rail's financial jugular tightened significantly yesterday with the withdrawal of subsidies from InterCity services.

The move made BR fully responsible for the costs of long-distance passenger services for the first time since the railways were nationalised in 1948.

The change is welcomed by senior railway managers, who see it as an opportunity to create a demand-led business driven by competitive pressures rather than social need.

It has been bitterly criticised by the rail unions and the statutory BR watchdog organisation on the grounds that ending subsidies is bound to lead to a cut in services.

The change marks a new phase in the strategy agreed between BR and the Government four years ago to curb the railways' dependence on the taxpayer, then costing about £300m a year.

The strategy concentrated first on reducing the Public Service Operating (PSO) grant. That is the overall subsidy originally paid to BR in recognition of the social role of the railways. The PSO has been cut by 25 per cent since 1984, and is expected to fall by a further 25 per cent by 1989-90.

The second aim of the strategy is to reduce the scope of subsidies

Fastest Rail Journey Times

London to:

| | | | |
|------------|------|------|------|
| Birmingham | 1998 | 1995 | 1988 |
| Cardiff | 1998 | 1995 | 1988 |
| Edinburgh | 1998 | 1995 | 1988 |
| Leeds | 1998 | 1995 | 1988 |
| Manchester | 1998 | 1995 | 1988 |

1987 corporate plan forecasts a loss of £22m for 1989-90, with profits not flowing through until two years later.

Mr John Pridoux, director of InterCity, says he is more bullish than the Board and optimistic that the Government target, at least, can be met.

It is also careful to stress that the scale of the turnaround required of InterCity is "greater than those achieved in recent years by British Airways, British Steel, ICI and Courtauld."

Mr Pridoux's strategy for moving into profit depends on simultaneously increasing revenue and reducing unit costs. The revenue plan is to increase

the representation of BR's passenger market through selective pricing. The idea is to attract customers away from airlines, buses and cars, and to persuade some of them to pay for extra services.

Businessmen are being offered extra Pullman services, more comprehensive dining facilities, and upgraded standard-class accommodation for those who cannot afford to travel first class.

Fares have risen by more than the rate of inflation this year, and are likely to continue to do so, although BR will not discuss details of its proposals in advance.

Mr Pridoux says unit costs can be cut significantly through

better timetabling and faster maintenance of track and rolling stock, which has been made possible by recent technical developments.

He cites plans to revolve the night sleeper between London and Edinburgh, which will halve the number of locomotives required, and the use of dynamic track stabilising machines to bring track back into high-speed use immediately after maintenance.

However, InterCity's biggest reductions in unit costs are likely to come from its share of the savings from cuts in BR's labour force. That fell by 5,000 last year and is forecast to contract by a

further 13,000 over the next five years.

In addition, the BR board is in negotiations with the rail unions over plans to reduce train crews and to amalgamate some grades previously manned by staff from different unions.

Big savings will also continue to accrue from a cut of more than 60 per cent since 1982 in the vehicle fleet. The trend of decline will be halted next year with the introduction of nearly 300 Mark 4 coaches and the retention of 100 older coaches which were due to be scrapped.

The philosophy of working the assets harder has been reflected over the last few years by a 15 per cent cut in train miles, at a time when the number of passenger miles has been rising.

This has led to complaints that InterCity is seeking to move into profit simply by cramming more passengers into fewer trains, especially on the most popular services on the east coast and west coast main lines from London to Scotland.

Mr Pridoux says overcrowding is a localised problem affecting only a few services. BR statistics show that about 90 per cent of passengers never stand, even on the most heavily used routes.

However, the popular belief about overcrowding could be damaging to InterCity's reputa-

tion, especially in light of a recent report by the Transport Commission report on Network SouthEast, which said customers were ceasing to believe BR statistics.

Mr Pridoux has a further problem caused by the structure of the railway, which puts business planning in his hands but places most of the operating responsibility with the BR regions.

This means, for example, that it is difficult for him to take direct action on crucial issues like late arrivals, and may help explain why InterCity's punctuality targets were relaxed recently.

InterCity has one very positive trend in its favour as it enters its commercial existence. Revenues were up 12 per cent in February over the comparable period of last year and management is confidently forecasting a record income for the full year.

Mr Pridoux says he is not sure how much of this is due to better marketing and improved services and how much to the natural tendency of demand for travel services to increase when the economy is buoyant.

What is clear, however, is that the sector's future financial performance will depend at least as much on continued economic recovery as on its ability to cut costs.

Personnel managers urge delay of Employment Bill

BY PHILIP BASSETT, LABOUR EDITOR

PERSONNEL managers will urge the Government to delay implementing the Employment Bill to allow itself time to prepare explanatory notes on what managers say is in part an almost incomprehensible piece of legislation.

The institute will claim in its meeting with employment ministers that the only evidence available shows that current arrangements favour employers.

In spite of such protests, the Government looks likely to proceed with the clause which insulates leaders say is not only opposed by the unions, but by leading employers and by employers' organisations.

Fears over police pay negotiations

By Our Labour Staff

THE POLICE Federation said yesterday that it feared the Government would press in negotiations later this year to break the link between police pay and average earnings.

Unions attack Civil Service work study

BY JOHN GAPPER, LABOUR STAFF

A CABINET Office study suggesting the Civil Service should introduce alternative working patterns based on the private sector has been dismissed as "poorly researched and confused" by Whitehall unions.

However, the CGSU response condemns it for being implicitly based on the concept of the "flexible firm" developed by the Institute of Manpower Studies (IMS), a model recently under attack from other academics.

Sun Life Global Management

THE SUN LIFE GROUP has made the following appointments to the board of its new investment management subsidiary, Sun Life Global Management, based in the Isle of Man.

COMAC GROUP has appointed Mr Martin Rynard as group financial director. He was financial controller.

Royal Life in London. Mr Gough was assistant general manager. The company is based in the Isle of Man.

Chartered Trust chairman

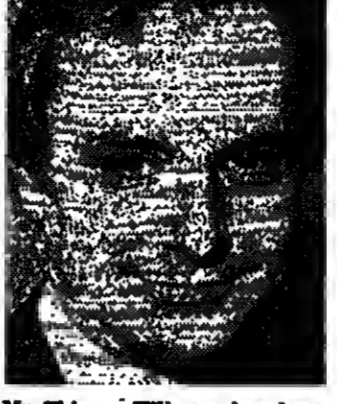
Sir Idwal Pugh, chairman of CHARTERED TRUST, retires on April 28 and is succeeded by Mr Ian Paterson, senior general manager in charge of UK banking at Standard Chartered Bank.

Coopers & Lybrand where he was a managing consultant, financial services division.

THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE (London Paris New York) IN AID OF THE SICK CHILDRENS TRUST. Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

Equity may compromise on TV fees. EQUITY, the actors' union, is halting its members on whether to abandon the system of fees for repeat and overseas showings of television and film dramas criticised this week by Mr Michael Checkland, BBC director general.

GRANVILLE & CO., has appointed Mr Adrian Scott Knight to the board of its Stock Exchange member firm subsidiary Granville David Coleman.



Mr Peter Henwood has been appointed as a non-executive director of LONDON & METROPOLITAN from June 15. He is head of property investment at Standard Life.

Mr Craig W. Abbott has been appointed an executive director and chief operating officer of SWISS BANKING CORPORATION INVESTMENT BANKING.

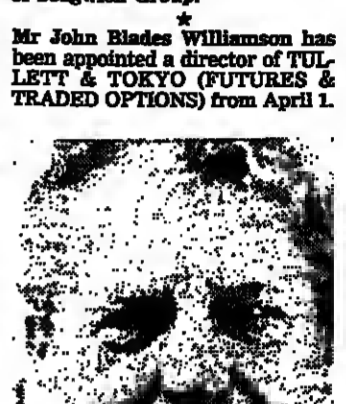


Table with columns: High, Low, Company, Price, Change, Div, Yield, % P/E. Lists various securities like 206 133 Am. Intl. Ind. Ordinary, 207 145 Am. Intl. Ind. OILS, etc.

Todd angry over Dundee deal. MR RON TODD, general secretary of the Transport and General Workers' Union, yesterday attacked the Amalgamated Engineering Union for signing a single-union deal with Ford Motor for its ill-fated Dundee components plant.

Mr Stephen Miescher has been appointed a director of THE FIRST BOSTON CORPORATION. He was a corporate finance director of Hill Samuel & Co.

Mr Thierry Villaron has been appointed managing director of ELF OIL (GB), UK subsidiary of the Elf Aquitaine group. He was deputy director for industrial sales of Elf France.

Mr Derek Loud, sales director of AVON COSMETICS, Northampton, has been promoted to deputy managing director, Avon Australia. He will be based in Sydney from June.

Mr R.A. Hunter has been appointed chairman and Mr E.G. Brookes managing director of COLUMBIAN CHEMICALS carbon black operation at Avonmouth.

Mr John Whiteside has been appointed finance director of A. QUILGOTT & CO., Stockport. He joins from the Hawker Siddeley Group.

WITH AIR CANADA THE OTHER HALF FLIES HALF-PRICE. On April 11 Air Canada are introducing a new fare structure for all main destinations in Canada. It's called Executive Class Point-to-Point. We're marking the occasion with a special half-price fare, for your better half. The new fares could mean savings of up to 20% when you travel Executive Class, providing there are no stopovers.

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FINANCIAL TIMES

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Saturday April 2 1988

The case for optimism

IN 1987-88 winter never came. Although there was a hurricane in southern England in October, followed by a worldwide financial crash a few days later, the remarkable fact was that by Easter 1988 nothing much worse had happened. The number of people who saw some connection between the weather and the markets was small, and on the whole there was a disposition to inquire into the methods of the forecasters rather than to look forward to new disasters.

In short, the case for optimism was growing. But since people, especially commentators who make their living out of predicting gloom and dissent, were not used to looking on the bright side, the case was taking some time to gain acceptance. "Hang on a little longer," seemed to be the message, "and something ghastly is bound to happen."

Trouble abroad

There was trouble abroad as well. It had been recently discovered that there was discontent in the Gaza Strip as well as the West Bank among Israel's occupied territories. The news from South Africa continued to be gruesome, despite President Botha's imposition of censorship. Ireland was going through a particularly nasty period.

So it looked like a bad summer, with winter coming about June. Yet there were other ways of seeing it. The worst had not happened. There had been an agreement between the US and the Soviet Union on the elimination of intermediate nuclear forces in Europe and it seemed that Congress would ratify it. The outlook in Central America was unexpectedly better. The Russians showed every sign of wishing to get out of Afghanistan. In the Middle East, US Secretary of State George Shultz was undertaking shuttle diplomacy of a kind unusual when Americans are heading for elections. The British troubles led, not to a deterioration of Anglo-Irish relations, but to a strengthening.

Quasi-patrician unrest

In the markets it was noticeable that the Group of Seven did at least try to hold together, even if it could not bring itself to meet. The Federal Reserve did intervene to support the dollar in a way that it might not have done a few months before. Recession still delayed its entrance and the US trade and current account positions were improving. In the UK, Mr Lawson used the phrase "action speak louder than words" and was first laughed at, but perhaps he was being more subtle than he sounded, words having given rise to so many difficulties of interpretation in the past.

Also in Britain, despite the quasi-patrician unrest, there was a view at the top of the Government that the third Tory administration in a row might succeed in reaching parts the first two had not. There were considerable residual problems, but they could be tackled. The health service was an example of how the sheer volume of complaints had spurred the Government into thinking about action before it had planned to do so.

It was the same in much of the rest of the world. There was no longer any excuse for going backwards. Problems were identifiable and could first be contained, perhaps, then possibly resolved. The question at Easter 1988 was whether the pessimists would be right, or whether optimism would overtake. That was a very big question indeed, for the world had become accustomed, if not to failure at least to not doing as well as it might, for so long, that it required an effort to change. The verdict was open.

President Mitterrand has made the abuse of political power an election issue. Ian Davidson reports

Where the elite is in charge

WHATEVER else the French may think about President François Mitterrand's declaration of his candidacy in the presidential election, on one point they are in no doubt: he has rudely awoken a campaign which was gradually slumbering into fatalism and indifference. For months the opinion polls have been promising him a comfortable victory against all comers and Mr Mitterrand's descent to the battle from the Olympian heights of the presidency has done nothing to dent his lead - if anything, the reverse appears to be true.

It is therefore all the more interesting that he chose to maximise the dramatic impact of his declaration on television by accusing the neo-Gaullist RPR party of planning to take over the state and by representing himself as the only effective guarantor against such a takeover.

First reactions to this apparently melodramatic warning were on all sides those of extreme surprise, plus (among his opponents) indignation. Since then, however, this issue of the abuse of power by parties in government has already become one of the central themes of the campaign.

On many, perhaps even on most, of the traditional party-political issues there is too little difference between the main candidates of left and right to make the debate truly exciting. All

that is aimed at the press, information, the means of communication, justice, money, the hard core (of institutional shareholders) in the privatised companies. The President's subsequent reference, in terms of approval, to Mr Raymond Barre removed any remaining shadow of doubt that the target of his attack was the RPR led by the Prime Minister, Mr Jacques Chirac. Mr Mitterrand's accusation, that the RPR has used, or plans to use, its political power to place its friends and servants in key posts in the public and private sector, has immediately provoked counter-attacks from his opponents. Mr Edouard Balladur, the Finance Minister, has responded by pointing out that, after the wave of nationalisations enacted by the Socialist government in 1982, all the bank chairmen were replaced and all but two of the other company chairmen; whereas when the right returned to power two years ago, they left in place half the chairmen of the 65 companies earmarked for privatisation.

Similarly with the public administration. Mr Pierre Bérégovoy, campaign director for Mr Mitterrand, asserts that the neo-Gaullists have got rid of 12 out of 14 departmental directors in the Finance Ministry. Not so, says Mr Balladur: seven out of 14 are still directors, whereas it was under the Socialists that 12 out of 14 were changed.

According to an article in the right-wing Figaro newspaper, there are in France 500 senior officials whose positions are deemed to be at the disposal of the Government - senior civil servants, ambassadors, prefects, regional directors of education etc. The article goes on to quote a 1982 study which showed that in the period 1981-5, under the Socialists, 94 per cent of the holders of these posts had been changed.

Conversely, last year the implementation programme came in for sustained public and private criticism, most loudly from the Socialists but also discreetly from the centrist and supporters of Mr Barre; and the main theme of their complaints was that Mr Balladur was abusing his discretionary power to allocate shares in newly privatised companies to "hand cores" of institutional shareholders, as a way of favouring the RPR's friends in the business world.

This is not the place even to attempt a detailed judgment of the rights and wrongs of the opposing accusations. On the other hand, it seems clear that for many years before the Socialists came to power in 1981, there had been a close, not to say incestuous, relationship between the worlds of politics, administration, business and the media; it would at the very least have been surprising, if 22 years in opposition, the Socialists had attempted to place some of their supporters in key positions.

Right-wing critics say that that is exactly what the Socialists did with the companies they nationalised in 1982 and they make free play with the names of a number of known socialists who were parachuted to head national-



Followed by further training in a state school such as the Ecole des Mines or Ecole des Ponts et Chaussées. Then comes a stint of employment (notionally obligatory) in one of the grands corps d'état (Corps des Mines, Corps des Ponts et Chaussées, Inspection des Finances, Cour des Comptes, Conseil d'Etat), probably followed by service in a ministerial cabinet.

The Baser study shows that more than half of the country's top 200 managers came from the top six grandes écoles, and that over half of the heads of the 50 biggest companies came up through the royal road of state training and employment. Moreover, among a number of interesting tables in his book, two are particularly striking. One shows that some of the top jobs have been awarded late in life to men with no previous experience of business. The other sets out the names of successive heads of the biggest companies before, during and after nationalisation, which eloquently underlines the consistency of the statist mould. He calls it: "Nationalisation, privatisation, what difference does it make? The state always comes up trumps."

Mr Baser's conclusion is a far cry from the current political slanging match between left and right over abuse of power. Instead, he asks whether the French method of selecting its top industrialists and bankers, which may have been suitable when France was both protectionist and interventionist, is still suitable when all its political leaders profess to be tracing themselves for the competitive environment of the Europe of 1992.

In what might almost have been designed as a companion study to Baser's, Thierry Pfister's *La République des Fonctionnaires* (published earlier this year) covers much the same ground, but on a broader and more impressionist basis. His concern is not so much the training and recruitment of France's business managers, but the large and growing stranglehold of the French Civil Service elite over all forms of power, including more particularly the political system.

It is not entirely surprising that the presidency has been increasingly staffed by graduates of the Ecole Nationale d'Administration (known familiarly as *ENA*), from a quarter under General de Gaulle to two thirds under Giscard d'Estaing; after all, the presidency needs trained administrators. What is more surprising is that two of the three Presidents of the Fifth Republic, and all of the nine Prime Ministers started life in the public service; of the nine, seven came from central administration or *grands corps d'état*, two (*Pompidou* and *Maurouy*) from the teaching profession. Ever since 1958, on average a third of government ministers have come from the top Civil Service and the proportion has been rising. A similar picture emerges from the breakdown of members of parliament. Out of the total of 577 deputies last October, 271 or 47 per cent were officials at various levels, including 45 from the *grands corps d'état* and another 69 "ordinary" civil servants.

Part of the explanation is the dominant role of the state in managing an education and training system which grants the greatest reward and therefore attracts the brightest and the best. But another part of the explanation is that the *grands corps d'état* have an elastic and infinitely accommodating system of detachment and secondment which makes it possible to embark on a parallel career, whether in politics or elsewhere, without necessarily forfeiting the option of ultimately being parachuted back to safety in the Cour des Comptes or the Inspection des Finances.

Political manipulation and unscrupulous patronage have long played a role in French politics, as well as a more divided country than Britain and it has lower expectations of political impartiality in the civil service. Moreover, it is entirely plausible to suppose that the pattern of political placement was implicitly accentuated by the long-delayed swing to the left in 1981, as well as by the swing back to the right in 1986.

But the combined impression conveyed by these two books is that the problem lies less in the civil ethic of French political leaders than with the underlying culture of France's governing élite. By so many standards it is superbly well equipped for government and administration. Whether it is equally well equipped for creative management in a world of which France is only a small part, and where more of the rules are made in Tokyo than in Paris, is a different question.

President Mitterrand has made it clear that he is going to make the shape of the political system one of the planks of his campaign. In so far as it goes there is a case for worrying about such abuse, though it is not obvious that the Socialists are immune to damaging counter attacks on that score as well. In particular it is alleged by some of their political opponents that the Socialist's lack of access to legitimate political funding pushes them towards corrupt practices at the local and regional level when they have control over public contracts. However, the more profound problem may not be the abuse of political power, but a system which leads itself only too readily to such abuse.

*Les 200: Comment devient-on un grand patron? by Michel Baser with Bénédicte Berlin-Mourou; FF1710, Seuil
 **La République des Fonctionnaires by Thierry Pfister; FF185, Albin Michel

John Plender assesses the Leyland Bus deal and implications for management buy-outs

A questionable bonus for enterprise

NO DOUBT Lord Young's Department of Trade and Industry regards management buy-outs as an integral part of Britain's enterprise culture. But there must surely have been some embarrassment at the department when it emerged this week that Leyland Bus, the former state-owned bus group which was bought by its managers and financiers for £4m in January 1987, had been sold to the Swedish group Volvo for something over £20m.

As the department's officials are anxious to point out, the decision to sell Leyland Bus was formally that of the board of Rover Group, then operating under the title of BL. But the Government provided £50m to strengthen the balance sheet and sweeten the deal. It was happy to see the com-

pany's managers and financiers for £4m in January 1987, had been sold to the Swedish group Volvo for something over £20m.

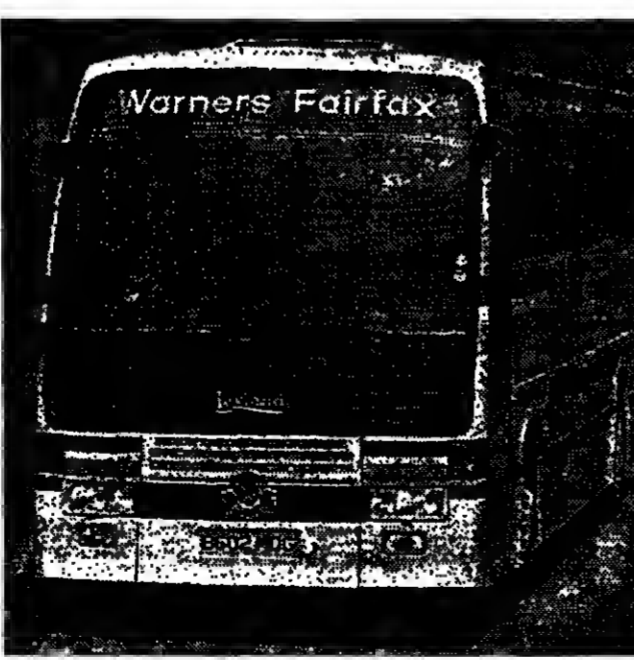
pany's managers and financiers for £4m in January 1987, had been sold to the Swedish group Volvo for something over £20m.

The deal may fuel concern about a conflict of interest between owners and managers

pany fall into politically uncontroversial hands at a time when Mrs Margaret Thatcher was under fire in the Commons for wanting to sell Land Rover to General Motors. Why, one might ask with hindsight, did the Government not insist on retaining a right to a share of the profit in the event of an early sale?

That said, the Government is anxious to avoid the same mistake in the sale of Rover Group to British Aerospace. For if British Aerospace sells out within five years, all the net proceeds or profits from the sale up to £50m will go to the Government, while there will be a 10 per cent reduction in available tax losses of £50m above that level.

But the suspicion may well remain that privatisation by management buy-out has, in the case of Leyland Bus, been politically convenient for the Government and costly for the taxpayer. Certainly the opposition seems likely to conclude that the management and its backers, Bankers Trust, have been excessively rewarded for temporarily warehousing a share stake that has now fallen into foreign hands. And the deal might well fuel a wider concern about the inherent conflict of interest between owners and managers in buy-outs. Such concern has so far been



more pungently expressed in the US than in Britain - perhaps because the size of the killings made by the buyers in the US has been spectacularly larger. Mr William Simon, the former US Treasury Secretary, provoked a wave of incredulity when he made more than 100 times his original outlay in only three years through the buy-out of Anchor Glass Containers.

The potential conflict of interest is at its most acute in the case of quoted companies whose management wants to go private. Here investors are bound to ask what the managers might know about the prospects that they do not. And in the case of the engineering group Molins, institutional investors rejected a proposal to buy out the company's shareholders. They were unconvinced by the managers' argument that the disciplines of quoted company status somehow put Molins at a disadvantage to foreign competitors.

At the other extreme, entrepreneur Mr Harry Goodman recently argued for a buy-out of his International Leisure Group on the grounds that public shareholders were prone to short-termism and had little appetite for risk. Yet his backers in going private included standard institutional names that usually feature as arch-baddies in this particular demology.

Despite the heavy borrowing that is frequently involved in management buy-outs, there has yet to be a wave of insolvencies arising from excessive gearing. It was the financiers of buy-outs who suffered in the October crash, because they were left holding unsaleable stock in mid-stream, not the managers themselves, for whom the post-crash fall in interest rates was a helpful push along the road to riches.

Which leaves one final question: are the right people becoming rich? The folk at Nottingham found that a high proportion of the buy-outs that have made industry seem so much more lucrative a pursuit than we have come to expect concern well established businesses in mature markets with low investment requirements. That is not quite what the enterprise culture was supposed to be about.

MORE O'FERRALL PLC

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| | | |
|--------------------|--------|--------|
| Turnover | UP 16% | £38.3m |
| Profit before tax | UP 36% | £7.12m |
| Earnings per share | UP 45% | 18.8p |
| Ordinary dividend | UP 38% | 7.2p |

The above statement is a summary of the unaudited results for the year ended 31 December 1987

During the second half of 1987 we maintained the strong rate of growth in profits, which was shown in the first half, to achieve an increase of 36% over 1986 for the year as a whole. This was due primarily to the expansion of our French subsidiary, and the further development of our media in the UK.

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R W Gore-Andrews - Chairman
 commenting on the results and outlook

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MORE O'FERRALL PLC

Man in the News

The Dalai Lama

High priest of the middle way

By John Elliott



THE DALAI LAMA, spiritual leader of the Tibetans, is preparing an important initiative, which he calls his "middle way," to try to free his remote mountainous country from its 37-year occupation by China.

"My basic nature is that I am not a man of politics, but I am rather spiritual. I have no modern education except for the past 40 years' experience, and I do not want to participate and have no ability to do so. It might be better if I retire voluntarily to outside the government," he says.

But this gentle, disarming 58-year-old, the 14th reincarnation of Chenreshe, the Buddha of Compassion, is not supposed to discuss these ideas publicly when he arrives in London for a 10-day private visit.

The British Government's attitude towards Russia is very healthy. On one side they criticise very strongly the negative aspects of the Soviet Union and, in the meantime, they try to improve human relations, "the Dalai Lama said during an hour-long interview this week in his north Indian home."

His Holiness lives simply in McLeod Ganj, the seat of his 29-year-old government exile in the town of Dharamshala. McLeod Ganj is a former British hill station perched at 6,000 feet in the heavily wooded Himalayan foothills.

A balding, unassuming man who thinks and laughs a lot during conversation, the Dalai Lama lives in a small, modern house-camp. He walks the hills at dawn, spends the morning on

spiritual duties and often meets foreign and other visitors in the afternoon. He is astutely publicly conscious and seems unlikely to be able to spend 10 days in London without succumbing to some journalists' questions.

Chinese ears have become especially sensitive to his statements since last October when riots broke out in Lhasa. There were more riots four weeks ago when four people died. Last October the Dalai Lama called a rare international press conference at McLeod Ganj and declared his support for Tibetans who staged civil disobedience - such as sit-down prayer meetings, strikes and demonstrations - as an "expression of anger and resentment" against the Chinese.

But he constantly reaffirms his total opposition, as a Buddhist, to violence. He welcomes the new generation of Tibetan nationalists, but is concerned by the rapid escalation of other south Asian religious and ethnic causes, such as those of the Indian Sikhs and Sri Lankan Tamils, from peaceful demonstrations to terrorism during the 1980s. He has condemned violence practised by Sri Lanka's Buddhistists and is worried about "what will happen to our young people who have this growing militant ideas."

The Tibetan Youth Congress wants immediate violent demonstrations and probably sabotage and fighting in Tibet as well. Many young Tibetans argue personally with the Dalai Lama against his view. He calls this "healthy" but stands firm and this week successfully persuaded the Youth Congress to end a hunger strike in New Delhi and "not to waste a life."

He recognises the flaw in his case - that it was the violence in Lhasa last October, watched by tourists, that made the Tibetan issue "not at all dead as we feared, but alive again," giving him the springboard to his present publicity. But he is not violent, or extreme, or the sword, but truth, reason and human understanding. We have a responsibility to show the world that our responsibility of

a non-violent cause can work." The Dalai Lama also adds practical logic to his Buddhism. "If we follow violence, it is easy for the Chinese to crush us, but with human understanding we can win the Chinese mind and turn the Chinese face to reality."

He is now developing a "middle way" between the Chinese determination not to abandon Tibet and his young followers' demand for independence. This was first broadly floated in the 1970s, but is now taking shape as a concrete policy which, he hopes, will be sufficiently ready by the end of the year to go out for consultation to Tibetans. He hopes it will eventually lead to formal negotiations with China.

"The middle way means not complete independence but equal status and mutual respect, and our own land within a Republic of China where we are master and China is helper."

"Listen carefully," he said, leaning forward. "I feel I want such an atmosphere created that Tibetans carry the top responsibility and make plans and take decisions. Then if Tibetans find some necessity for Chinese experts, or specialists or Chinese soldiers, voluntarily they invite them to come, but not as unwelcome guests or masters. I am not much concerned about terms like autonomy, independence, or republic."

This is a considerable compromise on outright demands for independence and that might attract some support in Peking, although China is unlikely to welcome the Dalai Lama's demand that the whole Tibetan plateau should be freed, not just a smaller area now called

Tibet. China might also not be amused by his idea that it rename its People's Republic as a Union or United States of Asian Republics.

The word Russia does not appear in the USSR's name, so one could do similarly with China, making not only Tibet (but the Dalai Lama has set up an Allied Committee with leaders of other Chinese minorities from Xinjiang, Mongolia and Manchuria.)

He resents China's accusing him of primarily wanting to restore his own authority, feudal style, in Lhasa. Partly for this reason he says he will, himself, decide whether to go back and take part in any government, though he stays a spiritual leader till he dies. He knows his people are bound to ask him to go back, but said: "If Tibet gets maximum rights and the Tibetan people feel satisfied, then since I am over 50 and a monk and I can manage very easily, I will make my own mind up."

He is impressed by Mahatma Gandhi, the Indian independence leader, who not only believed in non-violence, but also sought no official post when independence was achieved. So he could genuinely be interested in not going back, although this idea is not significant because it offers China, which would fear his power back in Lhasa, a compromise.

To confound China's propaganda, he also said he could take the even more extreme - and probably unlikely - step of implementing a lama's right to decree that his spirit will not be reincarnated. That would bring to an end the line of Dalai Lamas.

Amnesty International is doing its job in asking awkward questions about the UK security forces' killing of IRA terrorists, says Edward Mortimer

An all too familiar reaction to Amnesty

THERE IS something painfully familiar, for a British journalist who has followed Amnesty International's activities over the years, about the response of the British Government and its supporters to the request by Amnesty for more information on the killing of the three unarmed IRA bombers in Gibraltar on March 6.

Governments that incur Amnesty's criticism almost invariably react with anger and impatience to an organisation which asks awkward questions about the treatment of individuals when those individuals are, in the governments' eyes, on the wrong side of what is self-evidently a struggle between good and evil.

It is usual for such governments to describe their opponents as terrorists and generally they assume that terrorists, by definition enemies of humanity, are not entitled to human rights. Any person or organisation who shows concern for their human rights must be either misguided or disingenuous. If they were true humanitarians, they would show concern for the victims of terror, not its perpetrators.

I am not, of course, suggesting that all governments or all political systems are alike, or that there is no such thing as terrorism, or even that, in this particular case, the three people killed were not indeed deserved. Government definition of that term, if it happens, there is no doubt about that because the IRA obligingly identified them posthumously as members of an "active service unit", and it appears (though the evidence for this has yet to be tested in court) that they were connected with a bomb found subsequently in Spain, which would have killed a great many innocent people if it had gone off at the time and place they apparently intended it to.

Britain is a democracy and the IRA is a terrorist organisation. Neither of those facts is disputed, least of all by Amnesty International. Indeed the terms of reference of that body forbid it to pronounce on the general political character of societies, regimes or opposition groups. It is concerned with human rights, which belong not to groups but to individual human beings. Its primary activity is on behalf of "prisoners of conscience" defined as "men and women imprisoned throughout the world for their beliefs, colour, sex, ethnic origin, language or religion." It explicitly excludes from this category people who have ever used or advocated violence. But it also investigates allegations of torture and of detention (and a fortiori execution) without due process. Irrespective of the real or alleged crimes of the victims, on the grounds that even a criminal has certain rights: notably the right not to be tortured and the right not to be punished without a fair trial.

The Government may be right to reply that the request, to be held in Gibraltar in mid-June, is "the proper occasion for these matters to be examined," though Mr John Wakeham, Leader of the Commons, conceded that some questions might not be answered there, in which case they could "more appropriately" be raised afterwards.

But Amnesty is certainly doing its job in raising these questions, which many British people have been asking, and which should perhaps have been asked more insistently by both the parliamentary opposition and the national press. Why, if the terrorists' preparations had been so carefully monitored for weeks beforehand, was no attempt made to arrest them at an earlier stage? Is the specialised unit, which was sent to Gibraltar to deal with them, not trained in techniques enabling it to immobilise and disarm a person without killing him? If not, why not? Is it true that one of the terrorists was finished off with several extra shots while lying helpless on the ground?

Clearly it would be wrong to prejudge the answer to these questions before hearing the Government's full account. But a full account is certainly needed. If Britain is indeed a democracy the public has both the right and the need to know whether capital punishment, which Parliament has repeatedly refused to restore to the Statute Book, has been quietly reintroduced by the executive as an anti-terrorist measure without even the semblance of legal process, or whether the Government has decided that members of the IRA are not, after all, criminals (with the right to a fair trial), but as they themselves claim, enemy soldiers who may be killed in action but should, in that case, enjoy the protection of the Hague and Geneva Conventions.

By suggesting that Amnesty should "have its questions conducted for more than 2,000 people murdered by the IRA since 1969," Mrs Margaret Thatcher is implicitly equating the IRA with the security forces of the state. She is also resorting to something unpleasantly reminiscent of the report of a former Third World dictator who has ever been embarrassed by Amnesty.

Letters to the Editor

Dividends have become relatively more attractive

The lacklustre performance of the stock market since Budget Day indicates that many investors are taking the opportunity of re-aligning their capital gains before the end of the tax year, in response to these changes. But the changes in the tax regime may have profound effects well beyond the year end.

Capital gains will make any tax shelters more attractive. In particular, personal equity plans and personal pension plans may receive a boost, as a greater portion of personal savings flows through them in order to avoid capital gains tax.

Second, the average long term yield gap between shares and gilts is likely to narrow. This is because demand for gilts, interest on which is taxed as income, is likely to rise relatively to demand for shares, whose greater attraction for investors lies in the prospective capital gains they offer.

Third, among equities there is likely to be a shift in demand at the margin from the shares of companies with good growth prospects but offering low dividend yields, towards the shares of higher yielding mature "cash cows" with limited growth prospects. From a tax viewpoint, dividends are taxed at a lower rate relative to capital gains as a result of the March Budget.

Forestry potential is being properly realised

Sir, Bridget Bloom, your forestry correspondent, has difficulty in seeing the wood for the trees ("The Confidors Go Marching On" March 25). The National Audit office (NAO) review she cites is far from being infallible. Its arguments have been substantially undermined by reports prepared by the Forestry Industry Committee of Great Britain.

The NAO report was based principally on a cost benefit examination of the operations of the Forestry Commission. The relatively restricted context of the review has been widely criticised. The NAO review failed to recognise that the historic rates of return from the forestry industry, even when plantings were largely immature, compare favourably with many industrial sectors which have received high levels of subsidy. More importantly, the future rate of return promises to be materially improved.

The 40,000 or so jobs in the forestry industry, many of these in remote rural areas with little if any alternative employment opportunities, look certain to increase substantially if the UK can raise the proportion of its total land area which is afforested from the current very small level of 10 per cent.

Government ministers are to be congratulated for realising the potential for forestry, in the widest sense, and for making other recent changes to a continuing long term policy which has been in place for over 40 years. This will be greatly to the benefit of the "severely disadvantaged areas" (SDAs).

There could be a way to pension off the sacred cow called Pensions

Sir, I was heartened to read Barry Riley's article, "That sacred cow called pensions" (March 19). Indeed it is what they are - enabling life insurance salesmen to live off the fat of the land, while pensioners suffer many indignities.

It grieves me to talk with clients, at the time of their retirement, about pension arrangements. It does not take them long to realise the built-in traps and drawbacks. They may have already been cautioned - if they have had the tendency to move jobs - by deli-

soxy transfer values. They may have tried to discover how well their pension fund managers have been doing with their money - and found it almost impossible to find out. (If they knew, the shock might take years off their lives.) The rules of a pension scheme may have been an utter mystery, asking how much will be provided on retirement customarily brings the response: "Well - it all depends..."

The question remains: why do we need pensions at all? Is there an alternative? There could be - if employees stood up for their rights. A unit trust monthly savings plan is an alternative. Granted there is no tax relief on the input, but neither is there any messing about with obscuring rules and transfer values; the employee would know more easily how much cash there was in his or her fund and what it was likely to produce by way of income; and when the individual dies the fund is there for the family.

ADVERTISEMENT BUILDING SOCIETY INVESTMENT TERMS. Table with columns: Applied rate, Interest, Minimum, Access and other details. Lists various investment options from Abbey National to Yorkshire.

Chief executive resigns from Koor

BY ANDREW WHITLEY IN TEL AVIV

MR YESHAYAHU GAVISH, chief executive of Koor Industries, the Israeli labour federation-owned industrial conglomerate...

and chairman of Hevrat Ha'Ovdim, on Wednesday, Mr Gavish delivered a scathing attack on interference from the powerful labour body in his plans.

Gavish's departure, possibly because of the impending long Passover holiday. But his criticisms of obstacles placed in the way of the Koor management...

Mr Gavish, managing director of Koor for the past six years, had sought to reduce the group's workforce from its end-1986 level...

Buisson struck off French futures market

By George Graham in Paris

THE FRENCH financial futures market has struck off one of its member firms for shortcomings in its accounting and management controls.

Macy bounces back in Federated battle

BY ANATOLE KALETSKY IN NEW YORK

R.H. MACY, the privately-held New York retailing group, rebounded against it on Wednesday as the high bidder on Thursday in the record-breaking \$6.7bn auction for Federated Stores...

Perkins Engines in US venture

By Nick Garnett

PERKINS ENGINES, the British-based engine arm of the Canadian Varsity group is setting up a comprehensive joint venture with the Detroit Diesel Corporation of the US.

Paribas shows small advance

By Our Paris Staff

PARIBAS, the French investment banking group, lifted net profits 2.7 per cent to FF1.79bn (\$304.5m) in 1987, its first year back in the private sector.

Profits decline at Royale Belge

BY WILLIAM DAWKINS IN BRUSSELS

ROYALE BELGE, Belgium's biggest insurance company, which fought off an unfriendly takeover bid last year, has reported a decline in profits for 1987.

Attributable profits fell from the FF3.2bn (\$61.8m) recorded in the preceding year to FF2.6bn for the 12 months ended last December, after write-downs to FF2.2bn and a transfer to tax exempt reserves of FF1.6bn.

However, last year's surplus is a 15 per cent advance on the FF2.4bn attributable profit recorded in 1986.

Paribas adds most of its major subsidiaries

Paribas added most of its major subsidiaries, including notably Banque Paribas, recorded increased earnings in 1987, and the group also benefited from a reduction in financial charges...

GB-Inno registers 20% rise

BY OUR BRUSSELS STAFF

GB-INNO-BM, Belgium's largest supermarket group, which was the subject of takeover speculation, yesterday announced a 20 per cent profit increase for the year to January.

Non-consolidated attributable profits rose from FF1.2bn (\$24.4m) in 1986 to FF1.4bn on an unchanged level of sales, at FF1.15bn. This performance will permit another increase in the dividend, said the company.

GB-Inno was one of the earliest European stores to move into the United States last year, expanding its Belgian activities with the BF1.2bn acquisition of Sarma, a subsidiary of J.C.Pennay, the US retailer.

Strong yen hits Komatsu result

BY STEFAN WAGSTYL IN TOKYO

KOMATSU, the Japanese construction machinery maker which is locked in a worldwide battle with its US rival Caterpillar, yesterday reported a 40 per cent decline in pre-tax profits in 1987 to Y21.5bn (\$170.4m).

Sales overseas, including North America where competition with Caterpillar is toughest, fell 22 per cent to Y267bn.

Domestic sales rose 3 per cent to Y454bn, buoyed by increases in public works generated by the Japanese Government's expansionary policies.

Komatsu, which is changing its financial year-end to March 31, said the outlook for the results for the first quarter of 1988 was for continued difficulties in exports because of the strength of the yen and trade frictions.

GE's \$507m wins Roper as Whirlpool withdraws

BY OUR NEW YORK STAFF

THE TAKEOVER battle for Roper Corporation, the US domestic appliance manufacturer, ended in victory for General Electric, when Whirlpool agreed on Thursday to withdraw the rival offer of \$20 a share.

World commodities prices

Table with multiple columns listing various commodities like Wheat, Soybeans, Corn, etc. and their prices in different markets.

New York

Table listing various commodities like Gold, Silver, Platinum, etc. and their prices in New York.

Table titled 'WEEKLY PRICE CHANGES' showing price movements for various metals and commodities.

Table titled 'LONDON METAL EXCHANGE' showing prices for various metals like Aluminum, Copper, etc.

Table titled 'LONDON BULLION MARKET' showing prices for Gold, Silver, etc.

Table titled 'LONDON OIL MARKET' showing prices for various oil products.

Table titled 'LONDON FINE CHEMICALS MARKET' showing prices for various chemicals.

Table titled 'NEW YORK' showing prices for various commodities like Gold, Silver, etc.

Table titled 'CHICAGO' showing prices for various commodities like Soybeans, Corn, etc.

Table titled 'SPOT RAINBOWS' showing prices for various metals.

Table titled 'COCOA' showing prices for cocoa beans.

Table titled 'GRAINS' showing prices for various grains like Wheat, Corn, etc.

Table titled 'LONDON BULLION MARKET' showing prices for Gold, Silver, etc.

Table titled 'LONDON OIL MARKET' showing prices for various oil products.

Table titled 'NEW YORK' showing prices for various commodities like Gold, Silver, etc.

Table titled 'CHICAGO' showing prices for various commodities like Soybeans, Corn, etc.

APPOINTMENTS ADVERTISING - Appears every Wednesday and Thursday for further information call 01-288 8000

For more information on the above listed commodities, please refer to the relevant market reports in the Financial Times.

WORLD STOCK MARKETS

NEW YORK (Closing)

Table of New York stock market closing prices for various companies and indices.

USA

Table of USA stock market closing prices for various companies.

USA

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Table of USA stock market closing prices for various companies.

INDICES

Table of various stock market indices including Dow Jones, S&P 500, and others.

NEW YORK

Table of New York active stocks with columns for stock name, price, and change.

CANADA

Table of Canadian stock market closing prices for various companies.

NEW YORK ACTIVE STOCKS

Table of New York active stocks with columns for stock name, price, and change.

USA

Table of USA stock market closing prices for various companies.

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AMSTERDAM

Table of Amsterdam stock market closing prices for various companies.

BRUSSELS

Table of Brussels stock market closing prices for various companies.

FRANCE

Table of French stock market closing prices for various companies.

GERMANY

Table of German stock market closing prices for various companies.

NETHERLANDS

Table of Dutch stock market closing prices for various companies.

SWITZERLAND

Table of Swiss stock market closing prices for various companies.

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Table of German stock market closing prices for various companies.

NETHERLANDS

Table of Dutch stock market closing prices for various companies.

SWITZERLAND

Table of Swiss stock market closing prices for various companies.

Advertisement for Atma investment management, featuring the headline 'INVEST IN A WINNER...' and 'WINNER' text.

WORLD STOCK MARKETS

ASIA

Nikkei drops as price worries grow

Tokyo

INVESTORS' concern about high prices persisted in Tokyo yesterday, sending share prices lower for the second consecutive trading day, writes Shigeo Nishikawa of Jiji Press. The Nikkei stock average ended 156.04 lower at 26,104.22 after moving between a high of 26,948.74 and a low of 26,074.26. Volume totalled 1,308,000 shares compared with Thursday's 1,476,581. Declines led advances by 541 to 401, with 115 issues unchanged. The market got off to a firm start as securities house dealers stepped up buying on the first trading day of the new fiscal year. But it soon lost steam as institutional investors sat on the sidelines and many investors became increasingly concerned over high price levels. Executives of major trust banks said stock prices could tumble depending on exchange rate movements and, consequently, they did not want to build up stock holdings. The absence of foreign investors because of the Easter holidays was another minus factor. Steels, shipbuilders and other large-capitals eased, while high-technology stocks and domestic demand-related issues came under small-lot selling pressure. Only some speculative issues and

stocks with specific incentives were selected. Nippon Steel topped the active list with 155.95m shares changing hands, but it fell Y10 to Y477. Sumitomo Metal Industries, the second busiest issue with 126.80m shares traded, ended Y4 lower at Y471. Nippon Kōkan declined Y4 to Y487 and Kawasaki Steel Y11 to Y595. The year's rise against the dollar depressed high-technology stocks, with Matsushita Electric Industrial shedding Y10 to Y2,660. NEC Y20 to Y2,080, Toyota Motor Y20 to Y2,370 and Sony Y70 to Y5,180. Issues with specific incentives and speculative stocks drew buying interest. Nippon Mining surged Y36 to Y334, bolstered by its plan to undertake oil development jointly with Conoco, a major US oil firm. The issue gained Y8 at one stage. Pacific Petals, the seventh most active stock with 27.35m shares, soared Y91 to Y790 on investors' hopes that rising nickel prices would help improve its strategic position. Yama Battery jumped Y45 to Y980, helped by its development of technology to produce a paper battery. Daijuro moved up Y104 to a record Y1,020 on the strength of redevelopment plans near Tokyo station. The chain has a department store in the station building. On Thursday, the Tokyo stock market closed lower as concern mounted about high prices after a three-day rising streak. Trading centred on large-capitals, stocks which had led bullish market activity recently. But yesterday's high-technology stocks, such as NEC and Matsushita Electric Industrial, eased under small-lot selling pressure. In a continuation of Thursday's firm trend, bond prices rose sharply in active trading. Drops in short-term interest rates, such as bill discount rates, Geneki bond market yields and newly issued certificates of deposit rates, gave momentum to buying enthusiasm among dealers. The yield on the benchmark 5.0 per cent government bond, maturing in December 1987, fell steeply to 4.510 per cent from Thursday's 4.430 per cent. Trading volume on the over-the-counter market swelled to Y3,500bn, the biggest since the beginning of this year. The Osaka Securities Exchange (OSE) opened higher, but selling pressure gathered momentum and stock prices fell for the first time in five trading days. The 250-issue OSE stock average ended 42.8 points lower at 26,203.7, an estimated volume of 209.82m shares, down 8.01m shares from Thursday. Taitoh Chemical Industries

EUROPE

Milan rises in light, pre-holiday trading

TRADING was thin on the only European bourse open yesterday, with many Milan operators absent before Easter. MILAN closed firmer, with the MIB index gaining 7 to 1,066, after adding 10 on Thursday to 1,058. Pirelli SpA gained L10 to L2,616 despite a drop in 1987 net profits for its subsidiary, Industrie Pirelli, from L30,800 to L29,000. On Thursday, FRANKFURT was generally quiet in pre-Easter trading, finishing earlier after Wednesday's loss on Wall Street. The FAZ index lost 1.72 to 451.4. Highlights of the day were electrical company AEG and retailer Asko. AEG added DM8.10 to DM232 on renewed rumours that Delmer was building up a stake in it. Delmer, which declined to comment on the rumours, eased DM3 to DM238. Asko surged DM36, or 5 per cent, to DM695 on news of approval of its acquisition of part of the Selsky group of the US. PARIS edged slightly lower, but by an easier dollar and lower trends in Tokyo and on Wall Street. The CAC General index eased 3.4 to 284.1. JOHANNESBURG gold shares ended stronger in thin trading on Thursday, helped by a slightly firmer dollar price and a sharply weaker financial rand. Building issues were weaker on fears that a further fall in the dollar could strengthen the D-Mark and increase pressure for a rise in domestic interest rates to support the franc. GFM-Entrée led the sector down, falling Ffr14.10 to Ffr338.90 and Lafarge-Coppée lost Ffr11 to Ffr1,085. Saint-Gobain ended Ffr10 lower at Ffr252. French Finance Minister Mr Edouard Balladur said the bourse

transaction tax should be abolished as soon as possible to help Paris become the continent's leading financial centre. AMSTERDAM finished mostly lower with little investor interest, although the publishing sector was buoyed by recent healthy corporate profits and perceptions that more mergers or joint ventures lay ahead. In publishing, Elsevier gained 20 cents to Fl 50. Wolters Kluwer Fl 8.30 to Fl 131.50, and VNU 50 cents to Fl 74. BRUSSELS edged broadly lower in quiet profit-taking with only a few notable movements in blue chips. The cash market index lost 46.68 to 4,893.64. In retailing, GB-Inno-BM shed Ffr23 to Ffr1,194 after announcing a rise in parent company 1987 profits, while Delhaize gained Ffr3 to Ffr4.610. Groupe Bruxelles Lambert, the country's second biggest finan-

Fears subside as Dow closes higher

Wall Street

WITH A LONG weekend ahead, the dollar stable at its lower levels and a long new information for the bond market to feed on, stock prices drifted aimlessly on Wall Street for most of Thursday, writes Anatole Koloskiy in New York. The market was closed yesterday. After a somewhat bearish morning session, dominated by fears of a further fall in the dollar, the Dow Jones Industrial Average moved into positive territory shortly after lunchtime and closed with a gain of 9.94 points at 1,988.06. At one stage in the morning, however, the Dow had been down 14 points. Trading was slow with 140.5m shares changing hands, and there was no clear trend in the ration

of advancing shares to decliners. By the end of the day, 510 issues were up, against 676 losers. The declining shares, however, had been in the majority until the last few minutes. The bond market was almost motionless throughout the day. The Treasury's benchmark long bond closed 1/4 of a point up at 101 1/4, a price at which it yielded 8.754 per cent. Federal Funds opened firmly at 8 1/2 per cent and settled at 8 1/2 per cent. The most significant development of the day was probably the strengthening of technology stocks which had been leading the market downwards during March. IBM gained 4 1/2 to \$177 1/2 in heavy trading. Digital Equipment rose 1 1/4 to \$104 1/4 and AT&T improved 1/4 to \$27. Numerous analysts had pointed to IBM in particular as

ECONOMIC DIARY

TODAY: National Union of Teachers annual conference (until April 6), Scarborough. MONDAY: Dalai Lama arrives in London for visit (until April 15). National Association of Schoolmasters/Union of Women Teachers annual conference opens in Blackpool (until April 6). TUESDAY: Department of Trade and Industry publishes February Retail figures for retail sales; and February figures for credit business. Assistant Masters and Mistresses Association annual conference opens in Kestonington (until April 8). Serious Fraud Office issues statement. Deadline for candidates to enter for French Presidential election. Wisconsin US Presidential primary held in Madison. Eurobarometer trial results. WEDNESDAY: Treasury publishes details of UK official reserves for March. Advance energy statistics for February. Department of Environment publishes figures for housing starts and completions in February. Bank of England gives details of capital issues and redemptions in March. Department of Employment publishes detailed analysis of employment, unemployment, earnings, prices, and other indicators in the Employment Gazette. Second part of King's Cross fire enquiry opens at Central Hall, Westminster. Phillips auction rock and pop memorabilia. London. Lordship of Stratford upon Avon and other titles for auction at Palmers' Hall, Little Tringbury Road, Leamington Spa. Director general Mr John Birt gives Royal Television Society lecture on "Decent Media". Royal Institution, Albemarle Street, London. Mrs Margaret Thatcher, the Prime Minister, starts official visit to Ankara, Turkey (until April 8). Organisation of Petroleum Exporting Countries' price committee starts two-day meeting in Vienna. Sanjivini and Contra delegations discuss move to cement peace process. Managua, Nicaragua. Skandia International results. Kleinwort Benson Consolate final. THURSDAY: Sotheby's auction rock and pop memorabilia, London. SNP annual results. Associated British Ports final. FRIDAY: Department of Trade and Industry publishes in British Business fourth quarter final figures for finished steel consumption and stock changes; and third quarter final and fourth quarter provisional figures for import penetration, and export sales ratios for manufacturing industries. Congress of European Greens opens in Antwerp, Belgium, (until April 10).

FT-ACTUARIES WORLD INDICES

Table with columns: NATIONAL AND REGIONAL MARKETS, THURSDAY MARCH 31 1988, WEDNESDAY MARCH 30 1988, DOLLAR INDEX. Rows include Australia, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Euro-Pacific, North America, etc.

FT-ACTUARIES SHARE INDICES

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thursday March 31 1988, Highs and Lows Index. Rows include CAPITAL GOODS, BUILDING MATERIALS, ELECTRONICS, METALS, OIL & GAS, etc.

Table with columns: FIXED INTEREST, PRICE INDICES. Rows include British Government, 1-5 years, 5-15 years, etc.

Table with columns: CONSTITUENT CHANGES, RECLASSIFICATIONS. Rows include Agencies, Conglomerates, Electronics, etc.

Hertfordshire The Financial Times proposes to publish this survey on: 24th May 1988 For a full editorial synopsis and advertisement details, please contact: Rachel Fiddimore on 01-248 8000 ext 4152 or write to her at: Bracken House 10 Cannon Street London EC4P 4BY

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CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

FOREIGN EXCHANGES

Dollar continues to fall

THE DOLLAR came under renewed pressure in Tokyo yesterday, despite renewed support by the Bank of Japan...

The dollar was active at the start, in an effort to hold sterling's value against the D-Mark...

Sterling helps Gilts but depresses equities

THE STRENGTH of sterling set the tone for the UK securities markets on Thursday...

FINANCIAL TIMES STOCK INDICES table with columns for Government Securities, Financial Interest, Gold Mines, etc.

problems in the US continued to weigh heavily on Dow Jones... Sentiment to the international stocks was distinctly unsettled...

IN NEW YORK

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

STERLING INDEX

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

CURRENCY RATES

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

CURRENCY MOVEMENTS

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

OTHER CURRENCIES

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

EURO-CURRENCY INTEREST RATES

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

EXCHANGE CROSS RATES

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

MONEY MARKETS

UK rates lower as pound rises

INTEREST RATES continued to fall in London as traders saw sterling's continued rise...

FT LONDON INTERBANK FIXING

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

NEW YORK

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

LONDON MONEY RATES

Table with columns for Mar. 31, Mar. 30, Mar. 29, Mar. 28, Mar. 27

LONDON TRADED OPTIONS

Large table with columns for Calls, Puts, and various option contracts

NEW HIGHS AND LOWS FOR 1987/88

Table with columns for High, Low, and various stock indices

TRADITIONAL OPTIONS

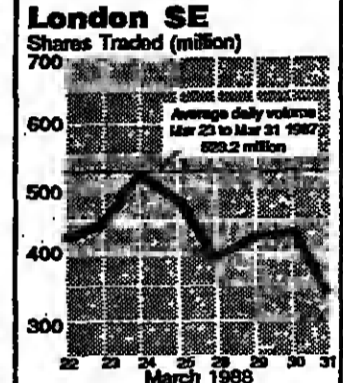
Table with columns for First dealings, Last dealings, etc.

NEW HIGHS AND LOWS FOR 1987/88

Table with columns for High, Low, and various stock indices

NEW HIGHS AND LOWS FOR 1987/88

Table with columns for High, Low, and various stock indices



London SE Shares Traded (million)

Company, Reckitt and Colman, however, held up reasonably well...

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Bid/Ask prices for various European options.

BANK RETURN

Table showing banking department assets and liabilities, and issue department assets and liabilities.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

LEADERS AND LAGGARDS

Table showing percentage changes for various market indices and sectors.

RISES AND FALLS

Table showing rises and falls for various market indices.

DESIGN IN BRITISH INDUSTRY

The Financial Times proposes to publish this survey on: 10th May 1988. For a full editorial synopsis and advertisement details, please contact: CLARE REED on 01-248 8000 ext 3365 or write to her at: Bracken House 10 Cannon Street London EC4P 4BY.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data.

Handwritten text at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and Unit Price.

BRITISH FUNDS

Table of British Funds, categorized by maturity (e.g., 'Stars' Lives up to Five Years, Five to Fifteen Years, Over Fifteen Years).

BRITISH FUNDS - Contd

Continuation of British Funds table, listing additional fund names and their performance metrics.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options and their prices.

AMERICANS

Table of American Funds, listing US-based investment vehicles and their current values.

INT. BANK AND SEAS GOVT STERLING ISSUES

Table of International Bank and Sea Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans.

LOANS

Table of Loans.

Building Societies

Table of Building Societies.

Public Board and Int. Financial

Table of Public Board and International Financial.

Money Market Trust Funds

Table of Money Market Trust Funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts.

Money Market

Table of Money Market.

Money Market Bank Accounts

Table of Money Market Bank Accounts.

Money Market

Table of Money Market.

Money Market Bank Accounts

Table of Money Market Bank Accounts.

Continued on next page

UNIT TRUST NOTES: Detailed notes regarding unit trust regulations, performance metrics, and investor responsibilities.

LONDON SHARE SERVICE

AMERICANS - Contd

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-------------|------|------|------|
| 1200 | Amstar Corp | 1200 | 1150 | 1100 |
| 1201 | Amstar Corp | 1201 | 1151 | 1101 |
| 1202 | Amstar Corp | 1202 | 1152 | 1102 |
| 1203 | Amstar Corp | 1203 | 1153 | 1103 |
| 1204 | Amstar Corp | 1204 | 1154 | 1104 |
| 1205 | Amstar Corp | 1205 | 1155 | 1105 |
| 1206 | Amstar Corp | 1206 | 1156 | 1106 |
| 1207 | Amstar Corp | 1207 | 1157 | 1107 |
| 1208 | Amstar Corp | 1208 | 1158 | 1108 |
| 1209 | Amstar Corp | 1209 | 1159 | 1109 |
| 1210 | Amstar Corp | 1210 | 1160 | 1110 |

CANADIANS

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------|------|------|------|
| 1211 | Alcan Inc | 1211 | 1161 | 1111 |
| 1212 | Alcan Inc | 1212 | 1162 | 1112 |
| 1213 | Alcan Inc | 1213 | 1163 | 1113 |
| 1214 | Alcan Inc | 1214 | 1164 | 1114 |
| 1215 | Alcan Inc | 1215 | 1165 | 1115 |
| 1216 | Alcan Inc | 1216 | 1166 | 1116 |
| 1217 | Alcan Inc | 1217 | 1167 | 1117 |
| 1218 | Alcan Inc | 1218 | 1168 | 1118 |
| 1219 | Alcan Inc | 1219 | 1169 | 1119 |
| 1220 | Alcan Inc | 1220 | 1170 | 1120 |

BANKS, HP & LEASING

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|------------------|------|------|------|
| 1221 | Bank of Montreal | 1221 | 1171 | 1121 |
| 1222 | Bank of Montreal | 1222 | 1172 | 1122 |
| 1223 | Bank of Montreal | 1223 | 1173 | 1123 |
| 1224 | Bank of Montreal | 1224 | 1174 | 1124 |
| 1225 | Bank of Montreal | 1225 | 1175 | 1125 |
| 1226 | Bank of Montreal | 1226 | 1176 | 1126 |
| 1227 | Bank of Montreal | 1227 | 1177 | 1127 |
| 1228 | Bank of Montreal | 1228 | 1178 | 1128 |
| 1229 | Bank of Montreal | 1229 | 1179 | 1129 |
| 1230 | Bank of Montreal | 1230 | 1180 | 1130 |

BEERS, WINES & SPIRITS

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------|------|------|------|
| 1231 | Carlsberg | 1231 | 1181 | 1131 |
| 1232 | Carlsberg | 1232 | 1182 | 1132 |
| 1233 | Carlsberg | 1233 | 1183 | 1133 |
| 1234 | Carlsberg | 1234 | 1184 | 1134 |
| 1235 | Carlsberg | 1235 | 1185 | 1135 |
| 1236 | Carlsberg | 1236 | 1186 | 1136 |
| 1237 | Carlsberg | 1237 | 1187 | 1137 |
| 1238 | Carlsberg | 1238 | 1188 | 1138 |
| 1239 | Carlsberg | 1239 | 1189 | 1139 |
| 1240 | Carlsberg | 1240 | 1190 | 1140 |

BUILDING, TIMBER, ROADS

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|---------------|------|------|------|
| 1241 | Bechtel Group | 1241 | 1191 | 1141 |
| 1242 | Bechtel Group | 1242 | 1192 | 1142 |
| 1243 | Bechtel Group | 1243 | 1193 | 1143 |
| 1244 | Bechtel Group | 1244 | 1194 | 1144 |
| 1245 | Bechtel Group | 1245 | 1195 | 1145 |
| 1246 | Bechtel Group | 1246 | 1196 | 1146 |
| 1247 | Bechtel Group | 1247 | 1197 | 1147 |
| 1248 | Bechtel Group | 1248 | 1198 | 1148 |
| 1249 | Bechtel Group | 1249 | 1199 | 1149 |
| 1250 | Bechtel Group | 1250 | 1200 | 1150 |

BUILDING, TIMBER, ROADS Contd

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|---------------|------|------|------|
| 1251 | Bechtel Group | 1251 | 1201 | 1151 |
| 1252 | Bechtel Group | 1252 | 1202 | 1152 |
| 1253 | Bechtel Group | 1253 | 1203 | 1153 |
| 1254 | Bechtel Group | 1254 | 1204 | 1154 |
| 1255 | Bechtel Group | 1255 | 1205 | 1155 |
| 1256 | Bechtel Group | 1256 | 1206 | 1156 |
| 1257 | Bechtel Group | 1257 | 1207 | 1157 |
| 1258 | Bechtel Group | 1258 | 1208 | 1158 |
| 1259 | Bechtel Group | 1259 | 1209 | 1159 |
| 1260 | Bechtel Group | 1260 | 1210 | 1160 |

CHEMICALS, PLASTICS

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|--------|------|------|------|
| 1261 | Amchem | 1261 | 1211 | 1161 |
| 1262 | Amchem | 1262 | 1212 | 1162 |
| 1263 | Amchem | 1263 | 1213 | 1163 |
| 1264 | Amchem | 1264 | 1214 | 1164 |
| 1265 | Amchem | 1265 | 1215 | 1165 |
| 1266 | Amchem | 1266 | 1216 | 1166 |
| 1267 | Amchem | 1267 | 1217 | 1167 |
| 1268 | Amchem | 1268 | 1218 | 1168 |
| 1269 | Amchem | 1269 | 1219 | 1169 |
| 1270 | Amchem | 1270 | 1220 | 1170 |

DRAPERY AND STORES

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------|------|------|------|
| 1271 | Debenhams | 1271 | 1221 | 1171 |
| 1272 | Debenhams | 1272 | 1222 | 1172 |
| 1273 | Debenhams | 1273 | 1223 | 1173 |
| 1274 | Debenhams | 1274 | 1224 | 1174 |
| 1275 | Debenhams | 1275 | 1225 | 1175 |
| 1276 | Debenhams | 1276 | 1226 | 1176 |
| 1277 | Debenhams | 1277 | 1227 | 1177 |
| 1278 | Debenhams | 1278 | 1228 | 1178 |
| 1279 | Debenhams | 1279 | 1229 | 1179 |
| 1280 | Debenhams | 1280 | 1230 | 1180 |

DRAPERY AND STORES - Contd

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------|------|------|------|
| 1281 | Debenhams | 1281 | 1231 | 1181 |
| 1282 | Debenhams | 1282 | 1232 | 1182 |
| 1283 | Debenhams | 1283 | 1233 | 1183 |
| 1284 | Debenhams | 1284 | 1234 | 1184 |
| 1285 | Debenhams | 1285 | 1235 | 1185 |
| 1286 | Debenhams | 1286 | 1236 | 1186 |
| 1287 | Debenhams | 1287 | 1237 | 1187 |
| 1288 | Debenhams | 1288 | 1238 | 1188 |
| 1289 | Debenhams | 1289 | 1239 | 1189 |
| 1290 | Debenhams | 1290 | 1240 | 1190 |

ELECTRICALS

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1291 | British Telecom | 1291 | 1241 | 1191 |
| 1292 | British Telecom | 1292 | 1242 | 1192 |
| 1293 | British Telecom | 1293 | 1243 | 1193 |
| 1294 | British Telecom | 1294 | 1244 | 1194 |
| 1295 | British Telecom | 1295 | 1245 | 1195 |
| 1296 | British Telecom | 1296 | 1246 | 1196 |
| 1297 | British Telecom | 1297 | 1247 | 1197 |
| 1298 | British Telecom | 1298 | 1248 | 1198 |
| 1299 | British Telecom | 1299 | 1249 | 1199 |
| 1300 | British Telecom | 1300 | 1250 | 1200 |

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1301 | British Telecom | 1301 | 1251 | 1201 |
| 1302 | British Telecom | 1302 | 1252 | 1202 |
| 1303 | British Telecom | 1303 | 1253 | 1203 |
| 1304 | British Telecom | 1304 | 1254 | 1204 |
| 1305 | British Telecom | 1305 | 1255 | 1205 |
| 1306 | British Telecom | 1306 | 1256 | 1206 |
| 1307 | British Telecom | 1307 | 1257 | 1207 |
| 1308 | British Telecom | 1308 | 1258 | 1208 |
| 1309 | British Telecom | 1309 | 1259 | 1209 |
| 1310 | British Telecom | 1310 | 1260 | 1210 |

ENGINEERING - Contd

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1311 | British Telecom | 1311 | 1261 | 1211 |
| 1312 | British Telecom | 1312 | 1262 | 1212 |
| 1313 | British Telecom | 1313 | 1263 | 1213 |
| 1314 | British Telecom | 1314 | 1264 | 1214 |
| 1315 | British Telecom | 1315 | 1265 | 1215 |
| 1316 | British Telecom | 1316 | 1266 | 1216 |
| 1317 | British Telecom | 1317 | 1267 | 1217 |
| 1318 | British Telecom | 1318 | 1268 | 1218 |
| 1319 | British Telecom | 1319 | 1269 | 1219 |
| 1320 | British Telecom | 1320 | 1270 | 1220 |

FOOD, GROCERIES, ETC

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1321 | British Telecom | 1321 | 1271 | 1221 |
| 1322 | British Telecom | 1322 | 1272 | 1222 |
| 1323 | British Telecom | 1323 | 1273 | 1223 |
| 1324 | British Telecom | 1324 | 1274 | 1224 |
| 1325 | British Telecom | 1325 | 1275 | 1225 |
| 1326 | British Telecom | 1326 | 1276 | 1226 |
| 1327 | British Telecom | 1327 | 1277 | 1227 |
| 1328 | British Telecom | 1328 | 1278 | 1228 |
| 1329 | British Telecom | 1329 | 1279 | 1229 |
| 1330 | British Telecom | 1330 | 1280 | 1230 |

HOTELS AND CATERERS

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1331 | British Telecom | 1331 | 1281 | 1231 |
| 1332 | British Telecom | 1332 | 1282 | 1232 |
| 1333 | British Telecom | 1333 | 1283 | 1233 |
| 1334 | British Telecom | 1334 | 1284 | 1234 |
| 1335 | British Telecom | 1335 | 1285 | 1235 |
| 1336 | British Telecom | 1336 | 1286 | 1236 |
| 1337 | British Telecom | 1337 | 1287 | 1237 |
| 1338 | British Telecom | 1338 | 1288 | 1238 |
| 1339 | British Telecom | 1339 | 1289 | 1239 |
| 1340 | British Telecom | 1340 | 1290 | 1240 |

INDUSTRIALS (Misc.) - Contd

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1341 | British Telecom | 1341 | 1291 | 1241 |
| 1342 | British Telecom | 1342 | 1292 | 1242 |
| 1343 | British Telecom | 1343 | 1293 | 1243 |
| 1344 | British Telecom | 1344 | 1294 | 1244 |
| 1345 | British Telecom | 1345 | 1295 | 1245 |
| 1346 | British Telecom | 1346 | 1296 | 1246 |
| 1347 | British Telecom | 1347 | 1297 | 1247 |
| 1348 | British Telecom | 1348 | 1298 | 1248 |
| 1349 | British Telecom | 1349 | 1299 | 1249 |
| 1350 | British Telecom | 1350 | 1300 | 1250 |

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1351 | British Telecom | 1351 | 1301 | 1251 |
| 1352 | British Telecom | 1352 | 1302 | 1252 |
| 1353 | British Telecom | 1353 | 1303 | 1253 |
| 1354 | British Telecom | 1354 | 1304 | 1254 |
| 1355 | British Telecom | 1355 | 1305 | 1255 |
| 1356 | British Telecom | 1356 | 1306 | 1256 |
| 1357 | British Telecom | 1357 | 1307 | 1257 |
| 1358 | British Telecom | 1358 | 1308 | 1258 |
| 1359 | British Telecom | 1359 | 1309 | 1259 |
| 1360 | British Telecom | 1360 | 1310 | 1260 |

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1361 | British Telecom | 1361 | 1311 | 1261 |
| 1362 | British Telecom | 1362 | 1312 | 1262 |
| 1363 | British Telecom | 1363 | 1313 | 1263 |
| 1364 | British Telecom | 1364 | 1314 | 1264 |
| 1365 | British Telecom | 1365 | 1315 | 1265 |
| 1366 | British Telecom | 1366 | 1316 | 1266 |
| 1367 | British Telecom | 1367 | 1317 | 1267 |
| 1368 | British Telecom | 1368 | 1318 | 1268 |
| 1369 | British Telecom | 1369 | 1319 | 1269 |
| 1370 | British Telecom | 1370 | 1320 | 1270 |

| 1979 | Stock | 1979 | 1978 | 1977 |
|------|-----------------|------|------|------|
| 1371 | British Telecom | 1371 | 1321 | 1271 |
| 1372 | British Telecom | 1372 | 1322 | 1272 |
| 1373 | British Telecom | 1373 | 1323 | 1273 |
| 1374 | | | | |

LONDON SHARE SERVICE

INSURANCES - Cont'd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Companys

Garages and Distribution

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

PAPER, PRINTING, ADVERTISING - Cont'd

PROPERTY

PROPERTY (continued)

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES - Cont'd

TOBACCO

TRUSTS, FINANCE, LAND

TRUSTS, FINANCE, LAND (continued)

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TRUSTS, FINANCE, LAND - Cont'd

TRUSTS, FINANCE, LAND (continued)

TRUSTS, FINANCE, LAND

TRUSTS, FINANCE, LAND (continued)

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

OIL AND GAS - Cont'd

OIL AND GAS (continued)

OVERSEAS TRADERS

PLANTATIONS

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Oil and Gas

Australian

Regional & Irish Stocks

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrial

Property

Other

Other

Other

Other

Other

MINES - Cont'd

MINES (continued)

THIRD MARKET

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Oil and Gas

Australian

Regional & Irish Stocks

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrial

Property

Other

Other

Other

Other

Other

Other

A selection of Options traded is given on the London Stock Exchange Report Page



High prices trigger European gold rush

Kenneth Gooding reports on the search for precious metals that have eluded miners since ancient times

A RUSH has started in western Europe to recover precious metals that miners in ancient times failed to find. The boom has been encouraged by the high price of gold, new mining technology and the fact that Europe has been experiencing a long period of peace.

Spain will provide many similar ventures. Thorco is a Toronto-listed company which indirectly has a 40 per cent interest in Filon Sur.

Mr Foster is echoed by Mr Philip Adams, managing director of Antofagasta, which, with its partner Cliff Mineral, will also use heap leaching, electro-winning techniques at the Rodalquilar mine in Spain.

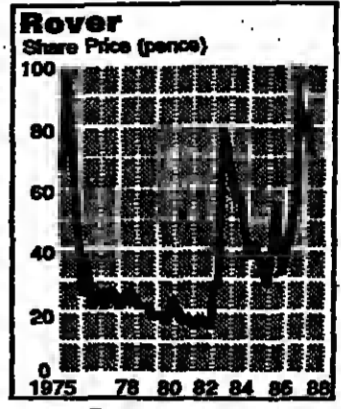
Mr Foster is echoed by Mr Philip Adams, managing director of Antofagasta, which, with its partner Cliff Mineral, will also use heap leaching, electro-winning techniques at the Rodalquilar mine in Spain.

THE LEX COLUMN

Sterling puts the screws on

Everyone may have tiptoed off on Thursday for an early holiday, but the markets went on behaving peculiarly all on their own. The result was equities yet lower and sterling yet higher, to say nothing of a distinctly queasy tone on Wall Street.

FT Index fell 11.4 to 1386.7 on Thursday



as long as anyone can remember values based on the p/e ratio or the yield are not easy to establish. The market price of the shares will not help much either as they represent only 0.2 per cent of Rover's share capital, not even the most efficient of markets could be expected to reach a realistic conclusion.

Storehouse

The market has such a low regard for Storehouse at the moment that it was odd to see the share price drop by one penny that it had disposed of its Habitat and Mothercare stores in the Netherlands at a loss of 24.5m.

Rover

Whatever the Takeover Code may say about shareholder equality, the minority shareholders of Rover would do better to argue that some are definitely more equal than others.

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WEEKEND FT

Saturday 2/Sunday 3 April 1988

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Poland's holocaust claimed 3m Jews. Edward Mortimer finds that guilt, embarrassment and recrimination remain

THE INVITATION, arriving by telephone from the Polish embassy in London, seemed so incongruous and far-fetched that I had difficulty at first in comprehending it in connection with preparations for the 45th anniversary of the uprising in the Warsaw Ghetto, to be celebrated in April "on as large a scale as possible".

Why a seminar in February for an anniversary in April? Why so much fuss about a 45th anniversary, in any case? Why should Poland, with all its other problems, be using up what must surely be a fairly limited media entertainment budget on the study of one obscure and avowed aspect of its national history? Why invite me?

Even now, I am not sure I know the answers to those questions, least of all the last. I do know that, for a non-Polish gentile, it turned out to be a remarkable experience to visit Poland as part of a group of "Jewish and Jewish Journalists" - for such we were, according to those Polish newspapers that reported our presence. Not always a pure pleasure, for the relationship between Poland and the Jews is an acutely sensitive one, tinged not only with immense sadness but also with much guilt, embarrassment and recrimination.

The deceased, of course, in that analogy are the Polish Jews who perished in the holocaust. Three million people. That is half of the six million Jews killed by Hitler. It is also half of the six million Polish citizens who perished during the war - 18 per cent of the pre-war Polish population, the highest proportion of any of the states involved.

At first sight, a neat and terrible symmetry. Should it not be easy for the Jewish and Polish peoples, as first and second on the roll of Hitler's victims, to join hands in a common grief for those three million who belonged to both of them? That indeed is how many Poles would like to see it. But, from the Jewish side any such assertion of symmetry is seen as an insult in the dead, for two reasons.

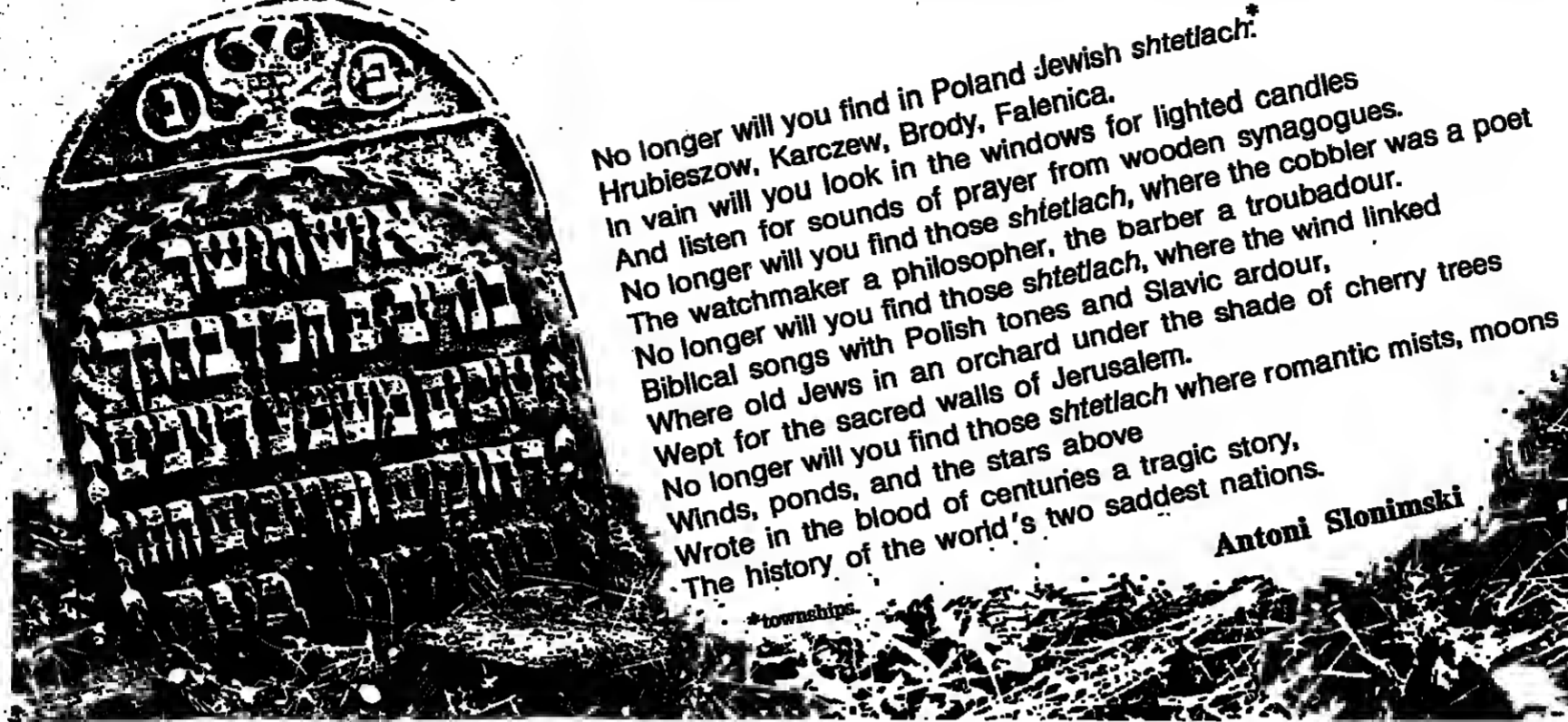
First, Jews cling with understandable passion to the uniqueness of their people's fate. To lose 18 per cent of your population is not deemed to equalise your status and deprived of your state, your culture and your educated elite is undeniably a very terrible thing, but it is still not the same as to be sentenced to total, systematic extermination, without any such assertion of symmetry. Roughly 90 per cent of non-Jewish Poles survived the war. Perhaps 15 per cent of Polish Jews did. Between those figures, there can be no symmetry.

Second, many Jews number the Poles among the "Righteous Gentiles". It is said that before the war Poland was next to Germany itself, the most anti-Semitic of European countries. Those three million Polish Jews who perished in the gas chambers had not (it is argued) been accepted as Poles by their fellow-citizens before the war; therefore, it is felt to be indecent for post-war Poland to number them among its dead - to Polishise them posthumously, so to speak.

Many Jews also feel that non-Jewish Poles could have done more to save their Jewish fellow-citizens during the war. Some even argue that the Polish population was either indifferent to the fate of the Jews or positively rejoiced in it. This seemed to be the view put forward in *Shoah*, Claude Lanzmann's monumental documentary film about the holocaust. It is a view which most Poles vigorously contest and, indeed, resent.

Get into conversation with almost any Pole on this subject and the first thing you will be told is that the Nazi occupation in Poland was much harsher than in any other European country, and that the penalty there for hiding or helping a Jew was summary execution of the entire household, plus deportation for the neighbouring households on either side.

The Two Saddest Nations



No longer will you find in Poland Jewish shtetlach.
Hrubieszow, Karczew, Brody, Falenica.
In vain will you look in the windows for lighted candles
And listen for sounds of prayer from wooden synagogues.
No longer will you find those shtetlach, where the cobbler was a poet
The watchmaker a philosopher, the barber a troubadour.
No longer will you find those shtetlach, where the wind linked
Biblical songs with Polish tones and Slavic ardour,
Where old Jews in an orchard under the shade of cherry trees
Wept for the sacred walls of Jerusalem.
No longer will you find those shtetlach where romantic mists, moons
Winds, ponds, and the stars above
Wrote in the blood of centuries a tragic story,
The history of the world's two saddest nations.

Antoni Slonimski

Among The Nations. One-third of all those awarded it so far are Poles. This part of the argument is not very uplifting for either side, and some of the more sensitive Jews prefer not to pursue it. One of my Israeli companions said very simply that no Jew should condemn Polish behaviour during the war without first asking himself whether he would have risked the lives of his own family in order to save a Pole. She herself knew, she said, that she would not have done so.

But what Jews find it hardest to forgive the Poles for, and what Poles find hardest to explain away, is what happened after the war, particularly the pogrom that broke out in Kielce in 1946 against Jewish survivors of the holocaust who came back and attempted to re-occupy their houses and shops (which non-Jewish Poles had meanwhile taken over). And even after that, in 1957-58, Poland's Communist leader, Wladyslaw Gomułka, accused the remaining Jews in Poland of being a fifth column in support of Israeli aggression, and encouraged a wave of anti-Semitic agitation as a weapon against intellectuals who were defending freedom of speech. The result was that virtually all the remaining Jews in Polish public life - particularly in universities, and in the Communist Party itself - were dismissed from their jobs and forced to leave the country.

All of which helps to explain why most of my Jewish colleagues had distinctly mixed feelings about accepting an invitation to visit the land of their fathers, even their own childhood home which they had not seen for 50 years, but also, and above all, the land where

their family and their people had perished - and this applied even to those not of Polish origin, since it was to Poland because "it's the graveyard of Jews from all over Europe for extermination". Joseph Finklestone, foreign editor of the Jewish Chronicle, told me he had long hesitated before agreeing to come to Poland because "it's the graveyard of three million people". Anka Shamir, from Israeli radio, said after we had visited the Jewish cemetery in Warsaw: "I don't want to see any more graveyards. The whole country's a graveyard as far as I'm concerned."

And yet, the symbolism of those cemeteries was irresistibly poignant as we paced through them in the soft-falling snow. Of course, the three million are not there. Their charred bones were shovelled into mass graves near the death camps. Those buried in the cemeteries mostly had the good luck to die before the Nazis arrived. They died surrounded by the love of their families and the esteem of a large, prosperous, dynamic Jewish community. The monuments, in a wild variety of styles and sizes, and the epitaphs - some in Hebrew, some in Yiddish, some in Polish - bear ample witness to that; and in so doing they make you aware of the full dimensions of the tragedy. What perished in Poland between 1939 and 1945 was not just three million or six million or even nine million individuals, unimaginably terrible though that thought is, but a whole community, a people - in most senses of the word, a nation.

The Poles themselves, it seems, have begun to discover this, after for a long time treating the fate of the Jews as merely an episode in their own long history of suffering. Many witnesses

confirmed to us that in the past few years there has been in Poland, especially among young people and the intelligentsia, a tremendous flowering of interest in Jewish history, religion and culture. My Jewish colleagues clearly found this difficult to understand. Poland is already famous for having kept alive "anti-Semitism without Jews". Now, they were confronted with the similarly baffling phenomenon of "philo-Semitism without Jews". Yet, perhaps it is not so strange, once two things are understood: the sheer size and vigour of the pre-war Jewish community in Poland; and the importance of its role in Polish life; and the determination of modern Polish society to emancipate itself from the dead hand of communist ideology and reassert its continuity with the Polish past.

It must be remembered that communist rule in Poland meant a break with the past more absolute than in any other country. Even the country's geographical situation was changed arbitrarily. Poland was booted unceremoniously 150 miles westwards across the map of Europe. At the same time, the legitimacy of the pre-war republic, and the wartime government that issued from it, was denied arbitrarily. The Home Army - which had fought the Germans under that government's orders, was proscribed and its leaders tried as war criminals. Even the Communist Party did not provide continuity, for Stalin had dissolved it and executed its leaders, for alleged Trotskyism, in 1958. The new order imposed on Poland in 1945 was new in every respect.

So, the rediscovery of the pre-war past has been a crucial aspect of Poland's

self-emancipation in the age of Solidarity. According to Kosciak Gabart, one of a tiny handful of Poles of the post-war generation to have rediscovered their Jewish identity, even to the point of practising the religion: "The Poles have gone back before 1939 looking for their historic identity; and what did they find? They found the Jews. They found that Jews played a much bigger part in Polish history and culture than they had realised; and so, in falling in love with the Jews, the Poles have really fallen in love with themselves."

In the words of Adam Michnik, a leading victim of the 1988 purge (but one who, instead of going abroad, stayed home - at the price of repeated prison sentences - to become one of the foremost political thinkers of the opposition), the present wave of official philo-Semitism is simply "anti-Semitism in reverse." He says: "Whereas in 1968 they thought that Jews were a big power in the world, and that pure communism had to be defended against Zionism and so on, now our Secretary thinks that Jews are a big financial power and that he can get big credits by philo-Semitism - which is equally idiotic."

In Michnik's view, though, the Communist Party is not capable of admitting the full extent of what went wrong in 1968 because to do so would involve admitting that virtually all those now in power (including General Jaruzelski himself) went along with it; and that dissidents like himself, who were expelled from the university and sent to prison, have been in the right all along. This view would seem to be borne out by the very tame statement which the Party eventually issued, after many nods and winks, on March 2, the 20th anniversary of those events; and by the fact that Professor Kazimierz Kukul, one of the leaders of the anti-Semitic campaign in 1968, is now head of the official commission to investigate Nazi crimes and, as such, was thought a suitable person to meet our group and present us with a programme of films on Jewish themes.

That did not cause such a scandal as it might have done, for the simple reason that the group was unaware of Kukul's background when it met him. But many members were offended when Professor Henryk Jablonski, a former president of Poland who now heads the committee in charge of celebrating the 45th anniversary of the Ghetto Uprising, replied to a question about "reconciliation" between Poles and Jews by asserting that no reconciliation was necessary since both peoples had been "on the same side of the barricade." Luckily, a much more dignified answer to the same question was given by Professor Jozef Gierowski, former rector of the Jagiellonian University in Krakow, who has set up a Centre for the Study of the History and Culture of Polish Jewry.

He did not like the word reconciliation, he said, because it implied the existence of two sides. "We need to deepen our knowledge of the history of our relations in Poland. Every Pole should know what is Kielce. Every Pole should know what was really the Jewish culture and religion. If it could in some way open the way to what you call reconciliation, it would be good, but what can we say about reconciliation with people who no longer exist? Our task is quite different. It is to ensure that the memory of this people remains forever in our country."

***The Two Saddest Nations, translated by Antoni Slonimski, founder and president of the Institute for Polish Studies, Oxford.

The Long View

Life, just a euphemism for death

LIFE ASSURANCE is an extremely successful industry. In 1986, the best year for which figures are available, there were 80m premium paying policies in force in the UK. The total annual premium income that year was £18.2m, having doubled in four years, and in 1987 it undoubtedly climbed significantly further.

The sheer size and power of the life assurance business made it inevitable that it should be granted a special status when the new regulatory framework for the investment industry began to be formulated in the mid-1980s. A separate advisory board, headed by life assurance interests, the Marketing of Investments Board Organising Committee (Miboc), was formed, and although this was eventually rolled into the parent Securities and Investments Board, its effect was lasting.

Key privileges of life assurance marketing, such as the freedom to make "cold calls" on prospective clients, were retained; the unwieldy polarisation principle, involving the strict separation of intermediaries into independent and tied agents, was a compromise which solved a problem for the life offices (but created one for the banks and building societies).

Until recently the life industry appeared to have done a splendid job in protecting its patch. Whether this was in the interests of investors was another matter, but the demonstration of in-fighting techniques was impressive. But now, somehow, the shine has faded. The industry's very own self-regulatory organisation Lantro, which is intended to control life assurance marketing, has become involved in protracted arguments with the SIB and has failed to become authorised in time for the initial regulatory deadline on February 27.

Barry Riley thinks the life assurance industry has its qualities but has created an introverted culture and too many barriers to understanding. Nevertheless, he argues, it is stronger than it thinks.



Fair Trading, has attacked with some apparent relish - the opaque structure of commission, the way that the life assurance industry is finding it progressively harder to impose its own customs and practices upon the rest of the retail investment industry.

How did the life assurance industry come to manoeuvre itself into this corner? One immediate reason is that its very success in selling products over the years has encouraged the over-development of its marketing side, which has become too

expensive. Moreover the industry has become complacent under the benign regulation of the Department of Trade and Industry. The DTI has interpreted its investor protection responsibilities in very broad terms of preventing insolvency or major fraud, not in detailed terms of monitoring product design or trading practices.

For an idea of the difference in emphasis, look at what happened last year when the DTI passed the unit trust industry, which it had also been responsible for, over to the SIB. The latter found, among other things, that unit pricing practices were often damaging to the interests of continuing investors, and that trustees were sometimes falling down on their job.

Thanks to the European Community's rules the life assurance sector has been spared the SIB's full attentions. Only the marketing side is covered by the Financial Services Act. In other respects the DTI will presumably continue to preside unopposed over an industry in which euphemism, conflict and opacity are far too prevalent.

only at maturity. These can push a life office well up the league table of returns over 25 years. But since the vast majority of policies are surrendered before the 25 years are up (the amount paid in surrenders is four times as much as is paid out on death and maturity claims) the tables give a very exaggerated impression of what the typical investor, actually receives.

Then there is the question of what happens inside life funds. How are returns allocated between one product and another? How selectively are costs loaded on to competitive product areas where there is a need for good investment performance and compared to those where the pressures are lower?

The life assurance industry is full of gossip, no doubt exaggerated, about how the return on one product or another has been manipulated. If it happens, it is no doubt for commercial reasons than because of anything that could be regarded as dishonesty. But should the investor not be protected against arbitrary decisions to adjust bonus structures or rebalance costs?

It would be quite wrong to portray the life assurance industry as the haunt of thieves and rogues. The industry has a proud record as the promoter of regular small savings for the masses and of protection for families. It looks after some £200bn of investors' money with considerable security and success.

All the same, behind a barrier of obscure terminology a highly paternalistic and introverted culture has developed. Lantro made complete sense to the life assurance industry, but to the rest of us it is just another unwanted and self-serving cartel.

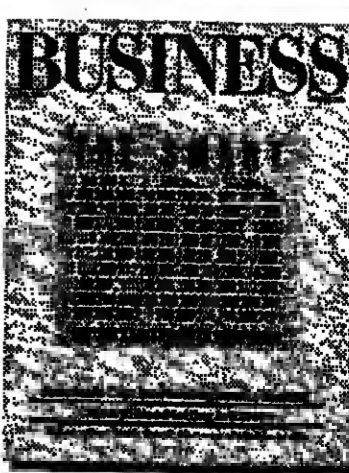
Taking down barriers is always an unenvying if you have grown used to living behind them. But perhaps the life assurance industry is stronger than it thinks.

In terms of product design, one emerging scandal concerns the manipulation of returns on endowment policies through the use of relatively enormous terminal bonuses, paid in most cases

RAT CATCHING, GARBAGE COLLECTING, DRUG DEALING

(and 197 other ways to be one of the 200 smartest companies in Britain).

This month we're lifting the lid off the 200 fastest growing companies in Britain. Some of them may sound a little obscure today, but from our list will undoubtedly emerge the Hansons and BTs of tomorrow. Which ones? And why? Thirty pages of detailed analysis will give you the answers. Also we'll be taking a look at the extraordinary comings and goings at Citicorp, Birmingham, big yachts in the America's Cup, huge container ships from Taiwan, junk food. And as a perk we feature a special report on company cars. BUSINESS Magazine - once again you simply can't do business without it.



MARKETS

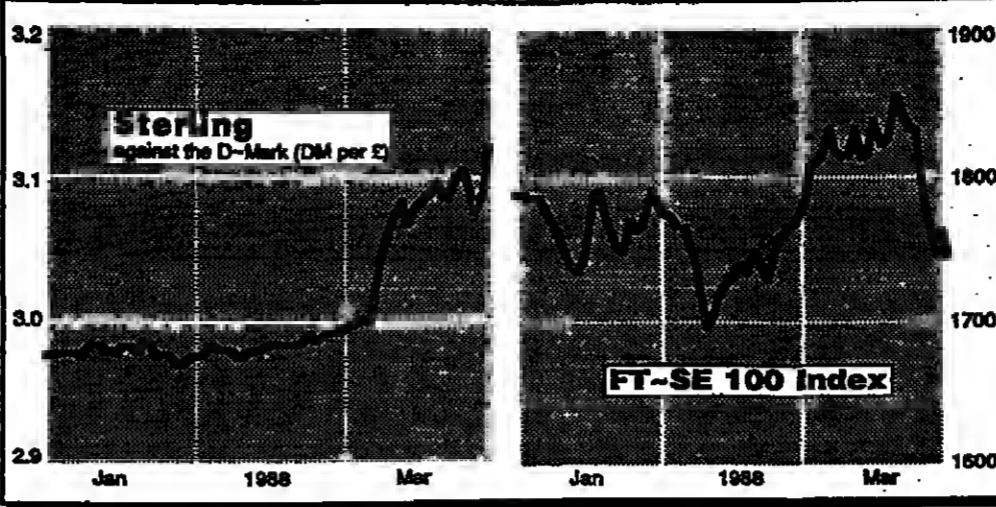
Uncertainty mars the holiday mood

FORGET ALL those frolicking lambs, bounding bunnies, chirping chicks and other Easter images of youthful optimism. This holiday weekend, the mood of the London equity market is one of a very adult nervous uncertainty.

That is hardly surprising, given the trend of share prices over the past fortnight. After topping 1,850 two weeks ago, the FT-SE 100 index has been on a downward path ever since. True, the past week has seen nothing like the precipitous decline of the week before, which was triggered off by a sizeable rights issue from Lucas and sterling's continued strength. But, despite rallies, the overall direction over the past few days has been gradually lower, with the FT-SE ending the short Easter trading week down 25.4 at 1,742.5.

London

The markets can only guess at how far the Government will be prepared to let sterling rise, or whether it might trigger a further cut in interest rates to take the heat off the currency. For the moment, though, the pound's buoyancy and the Government's emphasis on the drive against inflation is good news for the stock market. For equities, on the other hand, the position is more complicated. On the one hand, exporting companies can be expected to suffer. On the other, the falling yields on bonds over the past few weeks means that the yield gap between gilts and shares is on the low side, which could make equities more attractive. At the same time, share price/earnings ratios are not particularly high by historical standards, the UK's economic growth is still strong, the company



profit rather than just break even. The news from Standard Chartered, the troubled international banking group, could hardly be classified as good - a £274m pre-tax loss for 1987 because of bad debts in overseas markets. Still, the City took some comfort from the fact that the announcement was not as bad as it might have been. There had been fears that Standard would become the first major UK bank in living memory to cut its dividend.

Corporate news of the week - indeed, of the year - was the announcement of the terms of British Aerospace's negotiated buy Rover Group, the state-owned vehicle-maker, from the Government. These seem extraordinarily generous to BAe: it will receive £18m, with the Government writing off past debts and injecting a further £300m in fresh aid into the business. It is hardly surprising that a storm should have erupted over both the price and the fact that the Government's full acceptance makes it very difficult for a rival car manufacturer to pitch in with a higher bid that might be in the interests of the taxpayer, if politically unpalatable.

The deal still has to clear some hurdles. The EC has to give its approval of BAe's shareholders. Professor Roland Smith, BAe's chairman, clearly has a very good deal from the Government; and BAe's announcement this week of a £18m pre-tax loss for 1987, after £220m of exceptional provisions to cover civil aircraft losses up to 1991, demonstrates the financial logic behind the deal. Rover could produce pre-tax profits this year of £7m and, since the car company will arrive debt-free and stuffed with tax losses, there will be a powerful flow straight to BAe's bottom line. There must, though, still be grave doubts about the long-term industrial logic of the deal. For all Professor Smith's rhetoric, there seems precious little synergy between the two businesses, each of which has enormous problems in its own market place. So, for all the Government's grin-wrapping, the difficulty for BAe's shareholders is deciding whether or not this particular Easter egg could turn out to be a dud.

Martin Dickson

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company, Value of bid per share, Market price, Price paid for shares, Value of bid per share, Bidder. Lists various companies and their financial details.

*All cash offers. Cash alternative. Offered bid offer capital not already held. †Based on 250 million shares. ‡Based on 100 million shares. ††Based on 100 million shares. †††Based on 100 million shares. ††††Based on 100 million shares.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Dividend per share, Dividend yield. Lists numerous companies and their financial performance.

What to do if deals go sour

JUDGING FROM readers' letters, there is a sizeable army of discomfited private investors whose experience of the Over-the-Counter Market has been less than happy. It is not that they have lost money - it is that they have been duped by the practices of some OTC dealers.

One retired reader, a former Lloyd's registered surveyor, had an unenviable investment experience with a stock called Barbican Holdings. On January 4, he was sold 50,000 shares at 2p each by Harvard Securities. Three days later, he recalls, Harvard called him again and tried to persuade him to double his holding at 2.75p a share.

Although he claims he refused, he received an account from Harvard showing he was supposed to have bought a further 50,000 shares. He took the matter up with the firm, which apparently replied that it had a record of the transaction on tape. "I don't care what they say they have on tape," he says. "I did not buy those shares. Even if they had, they are not mine."

HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change on week, 1987/88, 1987/88 Low, Commentary. Lists various market indices and their performance.

Junior Markets

When the FT talked with Tom Wilnot, the chairman of Harvard Securities, he was very helpful. "We tape everything," he confirmed, "and we are very happy to give a copy of the tape to clients. In this case, we are talking about a very nominal sum of money. If your reader rings, I'll sort it out. These things can happen."

Heather Farmbrough

Bunzl looks to better times

UNDERPERFORMERS and defectors from the market are combining both characteristics, take over the running in next week's foreshortened list. BUNZL, one of Britain's most acquisitive companies, had underperformed the market by 32 per cent over 12 months by the end of January. It was also being tipped for a decent performance - specifically, profits of £89m before tax to produce earnings per share growth of 14 per cent for 1987. The share price has yet to improve.

The company's poor stock market performance was attributed to three things: exposure to the US dollar, the decline of which had taken £74m out of earlier, and more exciting, 1987 profits estimates; its dependence on the US dollar for 1987 forecasts for since the £144m spent on acquisitions in 1987 was showing in group debt. BUNZL is expected to hit its pre-tax profits from £145m to £185m pre-tax for 1987, on the way to £188m for 1988; and what made the shares a bit of a bore before the market crash - market underweighting. The shares have been up to 30p and down again. BUNZL produced poor interim figures and a cautionary statement on short-term prospects last September; analysts estimate around £68.5m pre-tax for 1987 against an estimate of £78.5m for 1988 and best hopes for that year of £118m. One variation on next week's theme is likely to be provided by SUN ALLIANCE which, in March, was the most favoured stock among the 'Big Five' composite insurers because of its low exposure to overseas business. The sector itself had bettered the market since Black Monday due to the dividend yield and asset support, which were seen to provide it with defensive qualities. Yet, the analysts have been writing insurance losses of £10-15m of their 1987 forecasts for Sun Alliance since October's other (and strictly UK) disaster, to indicate a pre-tax total either side of an unchanged £180m.

Results Due

Results also come on Wednesday from ABBEY LIFE, Britain's second biggest unit-linked life insurance company. Abbey itself was pensive about the October market crash and reported a 19 per cent rise in 1987 net business a couple of months ago. Its fans are expecting profits to rise from £59m for 1986 to £75m for 1987. BUNZL has been an emphatic outperformer recently, its status as a buyer of oil on a vast scale, rather than as a producer, turned to its advantage as oil prices fell or went nowhere. Chairman John Malby is expected to report net profits up by a quarter to 57m after tax at the abnormally high rate of 45 per cent, which reflects the group's relative, and well-publicised, lack of UK earnings.

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Quoted rate, Compounded return for taxpayers at 45%, 60%, Frequency of payment, Tax (see notes), Amount invested, Withdrawals (days). Lists various investment options and their rates.

RESULTS DUE

Table with columns: Company, Announcement date, Dividend per share, Dividend yield. Lists companies and their upcoming financial results.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Earnings per share. Lists companies and their interim financial performance.

RIGHTS ISSUES

Power Corporation are to raise £16.49m via a one-for-two rights issue at 91p. S&P Industrial Holdings are to raise £2m via a one-for-three rights issue at 30p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

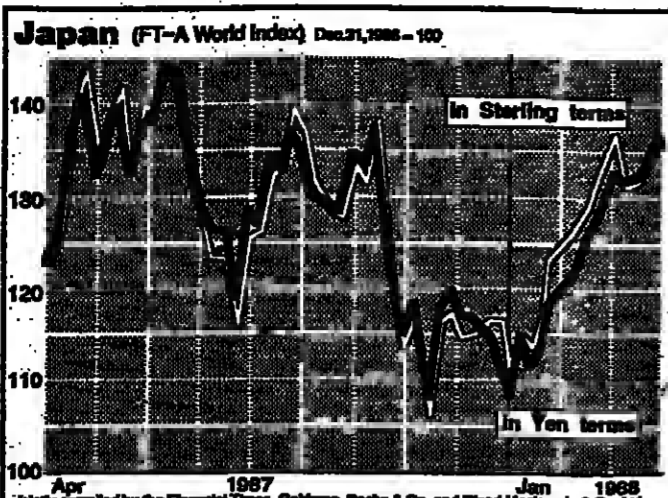
Anglo American Agriculture are to join the Main Market via a private placing in June. Boly Ship are to raise £9.6m via a placing of 2.03m shares at 480p. Bakers Technology are to join the USM via a placing of 925,000 shares at 140p.

MARKETS

Tokyo tilts at a psychological barrier

IN COMPARISON with New York and London, the Tokyo stock market this week looks stronger than ever. While shares prices have been falling in the US and the UK, amid fears of the aftermath of the October crash, so Japanese equities have climbed within reach of their all-time peak.

Foreign investors have been among the chief beneficiaries of this surge, steadily increasing their buying of Japanese stocks since the beginning of the year. Most Tokyo brokers forecast further increases in the market this



October and November and modestly in February, were big sellers for the first three weeks of last month. This mainly reflected a need to take profits before books for the financial year were closed this Thursday. However, Japanese individuals, who sold shares strongly in the period November to February, were the principal buyers for most of last month.

The point is that it is not uncommon for individuals to get on the bus last in the Tokyo market and fall off in time. Against this, of course, April is the start of the new financial year, when institutional investment managers receive fresh allocations of funds. Moreover, in the last week, volumes have been exceptionally high - averaging well over 100 billion daily - a good sign of committed buying.

None of this evidence is conclusive, but it is worth bearing in mind when looking at the broader influences on the market. These are generally favourable, but there is more than enough scope for unpleasant surprises.

The performance of the economy, which is the single most important element behind the stock market's rise, continues to be very powerful. This week, the Government's Economic Plan

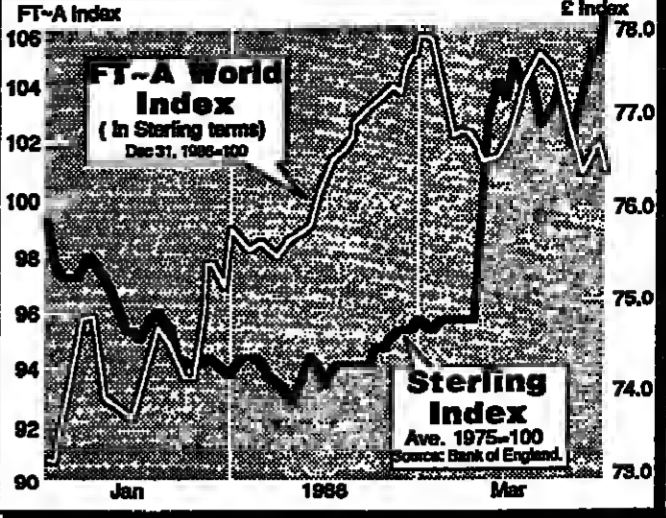
| Country | FT-Actualities | WORLD INDICES | % change Jan 4th 1988 | % change Apr 1st 1988 |
|-------------|----------------|---------------|-----------------------|-----------------------|
| Australia | +13.2 | -18.5 | | |
| Austria | -4.9 | -15.1 | | |
| Belgium | +23.5 | +1.7 | | |
| Canada | +8.2 | -18.6 | | |
| Denmark | +4.9 | -8.0 | | |
| France | -2.4 | -8.1 | | |
| Germany | +7.3 | -3.9 | | |
| Hong Kong | +13.0 | -20.3 | | |
| Ireland | +17.6 | -14.9 | | |
| Italy | +1.7 | -35.3 | | |
| Japan | +28.4 | +11.5 | | |
| Malaysia | +7.0 | - | | |
| Mexico | +7.2 | -30.5 | | |
| Netherlands | +8.5 | -17.9 | | |
| New Zealand | +1.5 | -30.4 | | |
| Norway | +20.1 | -14.4 | | |
| Singapore | +12.2 | -19.6 | | |
| S Africa | +5.5 | -34.6 | | |
| Spain | +15.0 | +17.1 | | |
| Sweden | +21.2 | -10.2 | | |
| Switzerland | +8.5 | -25.2 | | |
| UK | +1.5 | -8.9 | | |
| USA | +2.1 | -23.5 | | |

showed a further fall in the surplus. Japanese industry's profits are forecast to rise by 10 per cent-plus in the new financial year, following an increase of up to 20 per cent in the year just ended.

Turning to interest rates, there seems little risk of a repeat of last spring, when yields suddenly surged and share prices tumbled. Since October, the Bank of Japan has bent over backwards to ease Japanese rates so as to relieve any upward pressure on rates in the US. The result is that bond yields have steadily fallen from around 4.9 per cent on the benchmark bond in early January to about 4.4 per cent.

Trying to stop the yen appreciating too rapidly against the dollar is likely to remain the central bank's priority, so there seems little likelihood of a significant change in the easy money policy.

With the domestic economy running so smoothly, the obvious source of danger to the stock market is external shock. The principal threat is the US dollar. Tokyo was largely unaffected by the dollar's fall below ¥125 in the last two weeks, which so clearly upset markets in London and New York. This is mainly because investors believe strongly in Japanese industry's continued ability to cope with the



year. A target of 30,000 is frequently mentioned for the Nikkei index, which closed this week at 26,104.22. Nevertheless, the first few days of April might not be the best time to join the race.

This is not because there is any dramatic change in the outlook for the domestic economy, which remains very strong. Rather, there are worries that at these high levels the market discounts most of all the good news without paying enough attention to the bad, particularly where the

US dollar is concerned. The Nikkei index is now so close to its record high of 28,646.40 that some investors have inevitably come to see this level as a psychological barrier. "People are beginning to get cold feet. They want to see who's got the nerve to push the market above that level," says Mr Peter Tasker, of Kleinwort Benson International, a subsidiary of the UK merchant bank. Brokers in Tokyo were there-

fore not surprised to see the market fall to breach the record this week. After gaining more than 300 points a day in the first three days, the Nikkei index of leading stocks slipped back a little in the last two to close yesterday at 26,104.22, still 783 points up on the week.

Another indication that the market might be ready to pause for breath are investors' buying patterns. Japanese institutions, which bought shares heavily in

A chill spring wind of fear

AS PUNCTUAL as Spring, fear has returned to Wall Street. US stock prices are suffering their worst setback since early January and the slow recovery in values, which seemed to be gaining momentum as recently as mid-March, looks as fragile as at any time since the crash last October.

The 89-point drop in the Dow Industrials on March 24 and 25 has demoralised equity investors. All this week, trading has been thin and uncertain. Although the Dow managed to add 3.95 points in the four days before the market closed for Good Friday, few investors left for their holidays with any confidence for next week.

The worst sign was the revival of superstition in corners of Wall Street once known for a robust scepticism. By the end of the week, many traders and at least two newspapers were toying nervously with charts of the performance of the Dow Industrials in early 1930, after the last crash but one. Back in 1930, the Dow

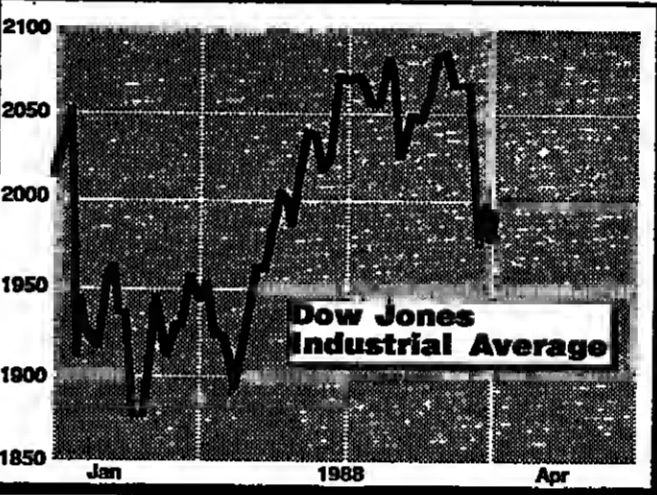
enjoyed a steady recovery and all but touched its pre-crash level in the course of trading on April 15 of that year. Then it slipped and fell and fell for two years, taking America and the world into Depression.

If the trading charts were an infallible guide to the present, April 16 would fall this year on April 25, but nobody on Wall Street last week bothered about exactness. The more pressing question was whether the rally reached its peak on March 23 last week and whether the Dow is already launched into the slow, heart-breaking attrition of values known as a bear market.

It may not be so bad. The fall in prices over the past 10 days has scared the wits out of Wall Street, but it is part of a pattern

during last August, in the week leading up to the crash and again which is becoming, well, routine. It occurred at this time last year, last week. Each time it follows the same pattern. Financial markets sniff inflation, or at least the kind of strong economic growth that threatens price rises in a full-employment, full-capacity economy. These fears emerge first in the foreign exchange markets, where the dollar weakens in the face of its potential loss of purchasing power to inflation. They spill over into the credit markets, where interest rates rise to compensate lenders for their inflation risk. The rise in the cost of money then undermines the value of stocks - most recently, quite drastically.

Put another way, the stock market has begun to resemble a disobedient puppy which gets thrashed every time it shows high spirits. The thrashing, while alarming and disagreeable to watch, may have a salutary effect, because it keeps the mar-



ket cowed for a while. This in turn allows interest rates to stay relatively low and keeps alive the prospect of recession, which is necessary to keep the lid on consumption. On the most optimistic outlook, consumption will remain subdued long enough for the historic shift of resources to exports that will rescue the US from its financial woes.

Unfortunately, the stock market is also desperately anxious that the credit markets will not just threaten recession but deliver it. Last week's market was dominated by fears of weak orders for the computer group, above all IBM in the mainframe market and Digital Equipment in mid-range computers. IBM, as the market's biggest and most widely held stock, is the key to any recovery, but it is trading at only \$5 above the \$102 at which it closed on Black Monday. Digital Equipment, which in the words of Mr Daniel Mandelk of Merrill Lynch, "appears to be racing IBM down to par," ended the week at

short term because customers do not dare make the big capital commitments needed for computer systems until they have a clearer idea of the direction of the economy. "The feeling is that the crash is affecting demand and that the group is losing momentum," says Mr Milunovich. Digital Equipment contributed to the market's gloom when it announced two weeks ago that Wall Street's estimates for its third-quarter earnings were too high.

As it turned out, both IBM and DEC were driven down to multiples of last year's earnings of only 12. Some investors evidently felt this was too low for such considerable companies, even in the present uncertainty. Both stocks rallied wanly on Thursday.

The only real life in the market, as so often this year, was among the arbitrage stocks and displayed just the sort of speculative excess that was supposed to go out with the crash. Federated Department Stores ended the week at \$72 1/2 as the fierce bidding struggle between Campeau and J. H. Macy entered what looked like its final phase. The stock was trading at under \$29 after Black Monday and has pro-

Wall Street

| | | |
|-----------|---------|---------|
| Monday | 1979.77 | + 00.28 |
| Tuesday | 1978.34 | + 15.57 |
| Wednesday | 1978.12 | - 22.22 |
| Thursday | 1988.06 | + 08.94 |
| Friday | CLOSED | |

James Buchan

Once you have read the rules you may need a little help

There are several weeklies that claim to serve brokers and financial advisers. Two of them are clad in pink. But only one is from the Financial Times.

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Thyssen informs

Well on course

Thyssen displayed a good overall development in 1986/87. Except for the ordinary steel operations, which closed the year with a loss, all the business groups achieved improved profits. The equity ratio increased, financial indebtedness was further reduced. Net income reached DM 302 million.

Selective expansion of Thyssen Industrie

In 1987 the company once again realized a good result; its expansion is being systematically continued. Thyssen Maschinenbau is a specialist in modern manufacturing systems. Industrial materials-handling equipment is being developed as a further focal activity of Thyssen Aufzüge. Thyssen Engineering too opened up new areas of business in energy and environmental technology. Thyssen is prominently involved in high-speed rail systems. In the field of industrial components, sophisticated lines of production are being expanded. The results are stable.

Budd showing good profitability

Budd in 1987 was able to improve on the high result of the previous year. Its good market position is based on intensive product developments and high manufacturing quality. Two new plants, equipped with the very latest technology to make stampings from steel and SMC plastic, are to take up production in the near future. The business situation remains encouraging.

Thyssen Handelunion flexible and robust

In 1987 Thyssen Handelunion closed the year quite satisfactorily in spite of a sharp decrease in sales. The manifold measures aimed at reorganizing its building and home-products business are showing signs of success. In the growing market for environmental protection and recycling Thyssen is becoming increasingly active as a supplier of services. The group of transportation companies is being realigned; the establishment of a widespread logistics network is making headway. For the current year a satisfactory result is again expected.

Thyssen Edelstahl: Continued success

Thyssen Edelstahl, a specialist in particularly high-grade materials, was very successful in 1987. A good result is again expected for the current year. Its flat-product activities are developing especially well. This is also a focal point of the current investment program.

Thyssen Stahl: In profit again

A retrenchment of the loss-making product groups is under way, the profitable product groups are showing a positive development. Lower raw-material and energy costs as well as a gradual recovery of steel prices are having a positive influence on the current course of business.

Outlook

In the first half of fiscal 1987/88 Thyssen worldwide realized external sales amounting to DM 14 billion. The earnings situation remained encouraging, with all four business groups and the holdings achieving profits. The perspectives for the second half of the year are stable. The development of new processes and products is being pushed ahead everywhere at Thyssen. We are also opening up further fields of technology and markets.

Resolutions of the stockholders' meeting

On March 25, 1988 the stockholders of Thyssen AG adopted the resolution to appropriate the net earnings of the previous year for the payment of a dividend of DM 5 per nominal DM 50 share. Our taxable domestic stockholders will therefore receive a gross dividend of DM 7.51 per share, including tax credit.

| Thyssen worldwide 1986/87 (October 1, 1986 - September 30, 1987) | |
|--|-----------------|
| External sales | DM 26.6 billion |
| Work force (annual average) | 123,000 |

| Total sales of the business groups | |
|---|------------|
| Capital goods and manufactured products | DM 8.4 bn |
| Trading and services | DM 12.4 bn |
| Specialty steel | DM 3.3 bn |
| Steel | DM 6.9 bn |

| Balance sheet figures | |
|-------------------------------|------------|
| Balance sheet total | DM 16.1 bn |
| Equity | DM 3.5 bn |
| Capital expenditures | DM 1,249 m |
| Depreciation and amortization | DM 1,315 m |
| Net income | DM 302 m |
| Absolute dividend amount | DM 156 m |

THYSSEN AKTIENGESELLSCHAFT

FINANCE & THE FAMILY

John Edwards looks at the trend towards cheaper home loans

The Halifax leads the way

HALIFAX Building Society has led the way towards cheaper home loans. In a surprise move the Halifax, which accounts for some 20 per cent of the total building society mortgages, cut its rate by 0.5 per cent to 9.8 per cent, its lowest level for nearly 10 years.

level of 8.5 per cent, would be cutting the rate to 8.5 per cent. Its fixed rate offer at 10 per cent at June 1981 will also continue. Before the Halifax move, Abbey Life had already cut its standard home loan rate from 10.2 to 9.7 per cent, while the rate on its Gold Star Mortgages (more than £70,000 and less than 75 per cent of the property's value) fell from 9.95 to 9.5 per cent.



How the mighty fall

TEN YEARS ago, Equitable Life Assurance and London Life Association headed the performance tables for 10-year endowment policies. What is more they were forecast to be top performers for the next 10 years, when life companies were still selected on bonus projections, according to the May 1978 issue of Money Management magazine.

Sun Life goes off-shore

SUN LIFE this week took its first step into the offshore investment market with the introduction of an "umbrella" fund called the Global Portfolio. The Portfolio, registered as an open-ended investment company in Luxembourg and managed from the Isle of Man, will have nine classes of shares (or sub-funds). Investors will be able to switch between funds, without any extra charge, being made unless excessive use is made of the switching facility when a special levy will be imposed.



Tax rebates delayed

INVESTORS who are used to receiving small amounts of tax from the Inland Revenue will have to wait longer for their cash in future. This will affect all non-taxpayers who receive investment income in amounts of less than £200.

A boost for gilts

THE BUDGET has provided a further reason for gilts (UK government securities) to return to favour with investors. The first boost came after the stock market collapse in October, when many people became very nervous about putting their money in shares and switched to the security offered by gilts, which provide a known return.

Fewer facts

In future, companies will not be required to give so much information to shareholders, says Richard Waters. SHAREHOLDERS don't want so much information about the companies they invest in. That's the message coming from a number of large companies and the government, and unless small investors about longer, they will have little say in the matter.

More BES changes

THE TREASURY has made two more minor alterations to the Business Expansion Scheme, following the major changes announced in the Budget. The new rule will not come into effect until April 6 1988. The gap of a year is meant to allow time for changes to be made to claim forms explaining the new repayment rules.

Advertisement for MIM BRITANNIA JERSEY GILT FUND LIMITED. Features a large '11.7%' graphic and text: 'HIGH INCOME PAID FREE OF TAX', 'THE FUND - primarily invests in "exempt" British Government Securities (Gilts). These are Gilts which are not liable to any UK taxation.', 'QUARTERLY DIVIDENDS - paid free of any withholding taxes', 'NO FIXED TERM - the investment can be held for as long as you wish, you can sell at any time, on any business day.', 'MINIMUM INVESTMENT £1,000', 'MIM BRITANNIA INTERNATIONAL', 'COMPLETE COUPON - and receive a detailed letter, together with our latest investment bulletin and the Fund brochure, including your application form.', 'MIM BRITANNIA INTERNATIONAL LIMITED', 'P.O. Box 271, St. Helier, Jersey, Channel Islands', 'Telephone: Jersey (0534) 73114 Telex: 4192002'.

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First National Securities Ltd. First National Management Ltd. announce that with effect from 1st April 1988 the Home Loan rate will be 9.9%. First National House, College Road, Harrow, Middle, HA1 1FB.

10 One-Bed Units (20) Completion July. About to be sold individually. Following budget proposals a single purchase might acquire complete freehold block. Agents releasing units after Easter spend will be important. 0252 613793. READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS.

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Yachts & Powercraft. FOR SALE. Superb luxurious new Motorcycles. President 57, built in 1987. 250 cc racing boxer. 5.5 m deep going 1.2 m. gross weight 54 kg. 2 motion GM detroit-diesel each 620 cc. 2000 revs 21 knots. max speed 25 knots. Rader, ext. pilot, generator 20 KVA, 5 alternator, multi, 16000 revs fully equipped. 3 cables, 10 berths, large flying bridge. Based Holland.

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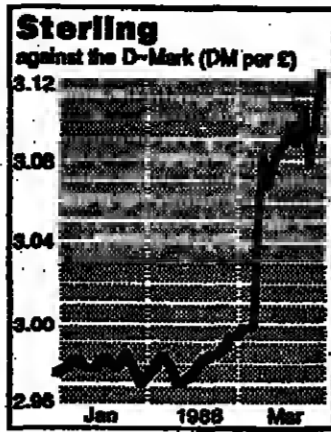
FINANCE & THE FAMILY

Stephen Fidler explains how to protect your interests if the pound falls

Sterling advice

AFTER THE Bank of England spent more than £200m in a year to keep the value of the pound below three Deutschmarks...

Great annual interest of about 7% per cent on a three-month sterling bank deposit compares with roughly 2 per cent in D-marks...



Financial Futures Exchange. But such a strategy is expensive and probably inadvisable except to those who are very comfortable with the concept.

In fact, the small investor would probably be better advised not to try to play the foreign currency game at all...

However, in the bond market, the possibility of capital gains or losses means investors must look out for more than just interest differentials.

favour of capital gains and against income. If an institutional investor such as a pension fund likes the look of the gilt market but not of sterling, he will use the futures or options markets to protect himself from the decline of the pound.

Another option would be to use the services of one of the betting concerns, such as IG Index, which specialises in financial wagers.

The recipe for success



Warren Buffett

SMALL INVESTORS scared stiff by the equity markets' psychotic behaviour over the past six months can take great comfort in the views of Warren Buffett...

He believes it is completely wrong to say small investors have no chance in markets 'dominated by the erratic behaviour of the big boys'...

The comments come in the latest annual report to shareholders of Berkshire Hathaway, Buffett's publicly-quoted master company.

land practices, is it any surprise that markets sometimes behave in aberrational fashion? he wonders

Buffett's advice is to ignore the markets as they take their roller coaster ride from hysterically excessive optimism to manic depressive pessimism and back again.

Buffett has averaged an annual gain of 23.1 per cent, without a down year, since he took over Berkshire Hathaway 23 years ago.

Fancy footwork with figures

THE OCTOBER and Budget tax changes have combined to focus renewed attention on income unit trusts.

which it concludes that the only person who might be affected adversely is a higher-rate taxpayer who is not liable to capital gains tax.

For this category of investor, income taxable at 40 per cent will be increased at the expense of growth which, if it falls within the annual exempt limit, is untaxed.

With such trusts, where income is relatively less important, investors are interested in protecting their savings through the growth element of the return.

The trick is to advertise the highest yield. Mr Fidler has identified a number of high income trusts...

For this category of investor, income taxable at 40 per cent will be increased at the expense of growth which, if it falls within the annual exempt limit, is untaxed.

There will be no effect on the trust's total return figure, since additional income will replace the reduction in growth. It would be hard to spot this form of charging from performance tables...

Charging against growth rather than income is one of the finer technical points of unit trust investment. It should be welcomed by the out-and-out income investor...

Richard Wages

Philip Cogg

Christine Stopp

Roderick Oram

Mike Hall looks at a unit trust for environmentalists

Go where the grass is greener

AN ETHICAL unit trust with a difference was launched this week. The Merlin Ecology Fund plans to invest in companies directly involved in pollution control or demonstrating a 'positive commitment' to environmental protection.

Merlin already manages one unit trust, an international growth fund launched in 1971 which has assets of £11.5m, and an above average investment performance.

Environmental groups have given the fund their backing. 'We've been in favour of this type of investment for a long time,' says Jonathon Porritt, director of Friends of the Earth.

Ethical investment is not without problems. A December 1987 report by the London-based Ethical Investment Research Service (EIRIS) warned: 'There is no code of conduct or agreed way of defining an ethical fund, so there, nothing to prevent anybody using the word ethical to market a financial product even when there is no justification for doing so.'

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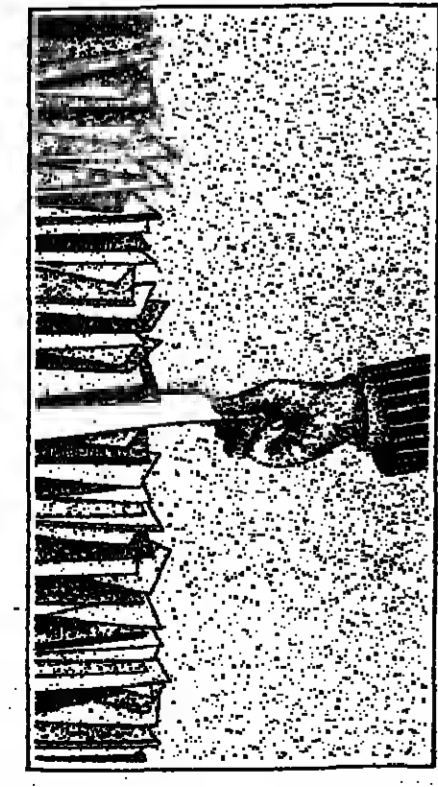
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FINANCE & THE FAMILY

Non-residents still miss out

Donald Elkin examines the implications for those living abroad of the Chancellor's proposals on maintenance payments

IN HIS BUDGET, Chancellor Nigel Lawson announced plans to reform and simplify the tax treatment of maintenance payments made after the breakdown of marriage. The present rules are complex, particularly for those whose lives contain a foreign element.

Until the introduction of separate taxation for married people on April 6, 1980, husbands and wives will continue to be treated as one entity for many tax purposes although a permanent separation does, of course, end such joint treatment.

Broadly, maintenance payments reduce the taxable income for the payer while increasing that of the recipient. However, the precise tax results depend on the residence status of the parties and on whether the payments arise from British court orders or agreements or similar foreign arrangements.

Consider the case of expatriates Mr and Mrs Smith. When their marriage broke down, she resumed residence in Britain while he stayed in his job overseas. Their British divorce became absolute in January 1988, and an order made at that time required him to pay maintenance to his wife and infant daughter of £7,200 (or £900 a month) and £1,500 a year respectively.

Since the amount due to his daughter does not exceed the "small maintenance payment" limit of £2,498 a year, he must pay to her the full gross sum. And as the money goes direct to her (not to Mrs Smith on her behalf), the income is treated as hers alone. So, no tax will be due unless she has other income which absorbs all or part of her £2,500 personal allowance.

For his part, Smith can obtain tax relief on his payment only to the extent that he has UK taxable income.

However, as the maintenance to Mrs Smith is larger, different rules apply. He should deduct tax at the basic rate making his payment. Thus, the monthly sum of £900 reduces to £450 net when £150 tax is taken out. The theory behind this is that,

in one operation, the payer obtains his tax relief and the liability of the recipient is met. But if Mrs Smith has little or no other income, she can get the benefit of her personal allowances only by claiming repayment of some of the tax deducted. Further, except to the extent that he has suffered tax on UK income received by him, he must pay to the Inland Revenue the tax he has deducted. Failure to do so should not prevent Mrs Smith getting any



THE SCOTCH IS FOR ME, THE MAINTENANCE FOR MY EX-WIFE

repayment to which she is entitled, although he could be faced with a large bill for tax arrears when eventually he returns to the UK. But any attempt to sidestep these complications by making payment gross could result in losing all or part of any relief to which he would otherwise have been entitled.

Such are the rules that apply to agreements or orders made or applied for by Budget day, as long as the agreements are shown to the Inspector of taxes or the orders are made by June 30 this year.

Even pre-Budget arrangements are affected by the new rules, though. In the case of payments between spouses, the recipient will in future not have to pay tax on the sum received (subject to a maximum of £1,498 for 1988/89). In addition, all payments must be made gross from 1989/90 onwards, the amount taxable or relievable being pegged at the 1988/89 level.

Post-Budget maintenance arrangements will to some extent be taken outside the tax system



from the start (as will increase on older cases), with recipients being exempt entirely on the money they get. In these cases, it is the payer who is entitled to the relief of up to £1,498.

It is, however, not yet clear if this is technically a relief, in which case a law amendment would be able to benefit from it, or a deduction, when those with UK taxable income would benefit. Importantly, too, for those within the old system, the payer has the right to transfer to the new one. This would be helpful in all cases where the UK resident who gets the money suffers tax on it in excess of the relief obtained by the non-resident payer.

However, caution is necessary if the payer also is likely to become a UK resident as, in those circumstances, the level of his UK taxable income - and, hence, the relief obtainable under the old basis - will in most cases be markedly greater than while he is non-resident.

Consider Mr and Mrs Jones, whose position is similar to the Smiths except that their divorce took place outside the UK and maintenance payments are made under a foreign court order. In these circumstances, Jones cannot deduct any UK tax from his payment and is not entitled to any tax relief in the UK, whether or not he receives taxable income there.

As a British resident Mrs Jones can be taxed on her maintenance which, since it is deemed to arise from a foreign source, normally will be assessed on the preceding year basis.

Further, double taxation relief will be available if any tax is deducted overseas, and should she not be domiciled in the UK, British tax will be charged only on the amount remitted to or received in the UK.

While the position is not yet entirely clear, it is reasonable to assume (a) that Mrs Jones will be entitled to the special £1,498 allowance and (b) that Jones will have the right to switch to the new basis if he wants.

However, there is no doubt that, under foreign post-Budget arrangements, non-resident payers will continue to be denied relief.

Donald Elkin is a director of *Witold T. Fry, Worthing*.

Eric Short discusses the changes in pension arrangements that start from next week

AVC onus shifts to employers

FROM NEXT Wednesday, one further radical change affecting employees in a company pension scheme is that it must provide a facility for employees to boost pension benefits by making extra contributions called AVCs (Additional Voluntary Contributions).

So far, it has been up to the employer and the trustees entirely to decide if an AVC scheme is provided for employees. Furthermore, they have decided the type of additional voluntary scheme to be used - building society deposit, with-profits or unit-linked.

If there was no scheme, though, the employee simply could not make extra contributions; and the in-house schemes are voluntary in that they are at the whim of the employer.

Last October, employees were given greater freedom in that they were allowed to start their own "free standing" additional voluntary contribution schemes (FSAVCs) not linked to the company scheme.

Further changes are taking place, however. From next week, employers will have no choice: they will have to provide an in-house AVC facility. In addition, employees must be given the choice of a personalised AVC on a money purchase basis.

Most in-house AVC schemes in the private sector operate on this basis, anyway. But, in the public sector schemes, AVCs up to now have been based on buying additional years of service to boost your pension.

Under the new deal you will have to be offered a choice, and local authority schemes are in the process of setting up AVC plans with life companies and building societies.

Most in-house schemes are arranged with an outside financial institution although some invest in the main fund, operating on a deposit basis and keeping separate accounts for each AVC.

The features of money purchase AVC arrangements are:

CONTRIBUTIONS
Employees can pay up to 15 per cent of total earnings in a year, less the amount paid into the main company scheme. Where pensionable earnings for the main scheme are less than total earnings, the calculation to ascertain the maximum AVC contribution becomes involved.

The contribution is determined on a cost-of-tax-year basis. There is no carry-forward or carry-back provision.

With in-house schemes, tax relief applies automatically; the contributions are deducted from gross salary before the tax computation. For FSAVCs, the employee pays contributions net of basic rate tax and claims higher tax relief through a code adjustment.

Employers cannot contribute directly to an AVC arrangement.

BENEFITS
An AVC, whether in-house or free-standing, is an adjunct to the mainstream pension benefits, payable when these are paid.

At retirement, the benefits of a FSAVC or an in-house AVC taken out after April 7, 1987, have to be taken in income form; that is, the accumulated value must be used to buy an annuity. Any tax-free lump sum has to be taken from the main scheme.

By contrast, the benefits of in-house AVCs taken out before April 7 can be taken as tax-free cash.

Overall, though, the combined benefits must be within Inland Revenue limits, such as the maximum pension not exceeding two-thirds of earnings at retirement and the maximum cash sum not exceeding 1.5 times earnings.

If the aggregated benefits do exceed the limits, then the benefits from the main scheme are reduced. This means that AVC arrangements need to be monitored constantly so that you do not pay extra for no additional benefits.

With a FSAVC, and many in-house AVCs, the pension is bought from a life company on a completely free basis - no

unisex or unistatus restrictions. With some in-house schemes, the mainstream pension fund effectively will pay the pension on the same basis as the main company benefits - certainly unistatus and possibly unisex.

If death occurs in service, the value of the AVC is paid into the estate free of inheritance tax.

On changing jobs, the in-house AVC is treated in the same manner as the main company scheme. If the employee leaves a deferred pension behind, then the AVC is left behind as well to grow in value. If you transfer the benefits of the company scheme to another scheme or buy a personal pension, then the AVC is transferred in a similar manner.

FSAVCs are completely portable. You can take them with you, even if there are restrictions on moving the company scheme benefits.

INVESTMENT
With in-house AVCs, the employee has to take what is offered. Up to now, there has been little choice. If the employer had only a building society scheme, because that was what the majority of workers wanted, then the rest had to take a building society scheme or the in-house AVCs already offered.

With FSAVCs, employees have considerable choice between with-profits and unit-linked. To date, no building society has offered a deposit FSAVC. Employees can invest their FSAVC contributions with only one provider in any one tax year. But they can change that provider every year if desired, so allowing them to build up an AVC portfolio.

CHARGES

With FSAVCs, the employee pays the charges out of contributions. These may be identified as with-unit-linked, or unit-linked as with a deposit or with-profit contract.

The employee pays charges on an in-house AVC arrangement, but the employer or trustee might well negotiate lower rates.

CONTRACTING-OUT

An FSAVC can be used to contract-out of the State Earnings-Related Pension Scheme (SERPS). The minimum contribution must be the National Insurance rebate.

It operates conditions similar to those described for appropriate personal pensions, with the Department of Health and Social Security collecting the rebate during the tax year and passing on the money to the provider.

The contracted-out FSAVC would qualify for the incentive payment if the employee was not previously contracted-out. But, unlike appropriate personal pensions, it would not qualify for tax relief on the employer's contribution. Although the Inland Revenue regards FSAVCs as akin to personal pensions, the Revenue regards them as another form of NI contributions.

A FSAVC would be used by an employee in a company money purchase scheme that is not contracted-out of SERPS in order to contract-out with the intention of going back into SERPS at a later date.

Which route do you as an employee take - in-house AVC or FSAVC? This will depend on what the in-house scheme offers; whether you want variety and the prospect of higher rewards/higher risks; and whether you are prepared to devote some time and effort into managing a FSAVC contract.

If you cannot make up your mind, then there is nothing to stop you doing both - providing you keep within the contribution and benefit limits.

Let's hear it for the Pru

IN OCTOBER 1974, the near-impossible happened. A UK life company, London Indemnity and General Insurance (LIGI), a member of Jessel Securities, ran into trouble as a result of the financial crisis that year.

At the time, no one knew publicly the seriousness of LIGI's problems. But 54,000 investors who had put their savings into the company were reared by a consortium of 40 other life companies.

The price of the rescue was that investors had to accept a 30 per cent cut in the benefits on their contracts - mainly the then-fashionable High Guaranteed Income Bonds and annuities - and give up their contractual

right to generous guaranteed surrender values. But the reduced benefits were paid as and when they were due.

In return, the consortium guaranteed to provide the necessary finance to meet these reduced benefits. A member of the consortium, Prudential Assurance, was appointed to manage the company.

This week, more than 13 years later, the directors reveal that the Pru has managed the investments so successfully that not only has there been no call on

the consortium members to put their hands in their pockets but the fund has accumulated a £5m surplus. And the managers want to give that surplus to investors.

The proposed payment is not large - a 1.5 per cent increase on these reduced benefits. The average payment is only £100 and for some investors it could be down to the minimum payout of £5.

The problem for the managers is tracing the vast majority of policy-holders who have been paid already. Only 3,000 remain on the books.

The managers will be writing to the last recorded address but are hoping that investors or their dependants will contact them at the address below. The offer is open for two months.

The managers of LIGI have demonstrated the contention that, when a life company runs into trouble, it is better for its investors to run it as a going concern rather than wind it up.

Certainly, investors in LIGI have fared better than those in Nation Life - the other life company that ran into trouble at that time. All attempts to set up

a rescue operation failed and the company was wound up. Its investors eventually received 53.5p in the pound, the final distribution being made last October.

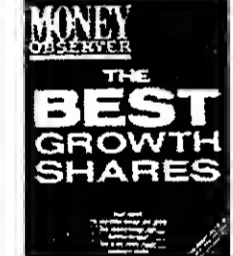
Investors in those life companies rescued by the Policyholders Protection Board have received at least 90 per cent of benefits when they were due. Nation Life policy-holders can only reflect on what might have been.

LIGI investors should write to London Indemnity & General Insurance Co. Dept LIGI/XS, Forbury House, 18-20 The Forbury, Reading RG1 3ES.

E.S.

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Tenant won't pay

I own a semi-detached house in a small university town in the Midlands. This house is being let through a local agent and rates and all utilities are payable by the tenant. The present tenant is an Iranian national and I have just discovered that no rent was paid for half a year.

I made enquiries at the university and discovered that this Iranian has not attended lectures for over 18 months. However, he has his final exam in the autumn

and graduated at Christmas but he is not leaving Britain.

My agent consulted a local solicitor and I was told there was little they could do; evictions would take a long time and, considering the tenant's nationality and possible involvement in shady affairs, it would be better to wait until he left of his own free will.

Can a foreigner, who needs definite Home Office permission to remain in the country, simply

not pay his rent (and possibly his utilities, too, for the last two months when he finally decides to leave)? And is there nothing one can do about it, short of sitting back and waiting?

Technically, the law does provide a remedy: you can sue the tenant for the rent. But unless the tenant has assets here which you can seize or detain, the fact that he might disappear to a country which has no reciprocal enforcement agreement with the

United Kingdom would leave you with no remedy in practice. With most countries, a judgment obtained here can be enforced in the other country.



No legal responsibility can be accepted by the Financial Times for the accuracy of the information given in these columns. All inquiries will be answered by post as soon as possible.

Costly delay

A friend of the family died in January 1987. His widow had a life interest in his estate but, on her death, the residue was to be divided between four beneficiaries. This lady died in early July 1987. The estate at this time was of considerable value but a very great proportion consisted of stocks and shares.

In August the beneficiaries received notification of the value of the estate, but the solicitors were waiting for the inheritance tax to be calculated. However, the trustees have still not sold the shares and the value of the estate has dropped very considerably owing to the crash in share prices in October 1987. The inheritance tax is considerable,

having been calculated on the original July figure, although it is under review at the moment.

The solicitor is now suggesting that the shares be divided between the four beneficiaries in lieu of money. But should the shares have been sold in July 1987? The beneficiaries could be in danger of losing a great deal of money through no fault of their own.

It might be better for the beneficiaries if the shares are sold at a loss within 12 months of the testator's death, so that a claim may be made to reduce the inheritance tax payable under Sections 179-189 of the Inheritance Tax Act 1984.

A dam nuisance

A small stream used to run between my property and that of my neighbour. About 15 years ago my neighbour, who owns the stream, built a dam and opened up a fish pond, placing a large earth bank along my boundary. In recent years, erosion has reduced this bank so that now it is barely higher than the hick dam.

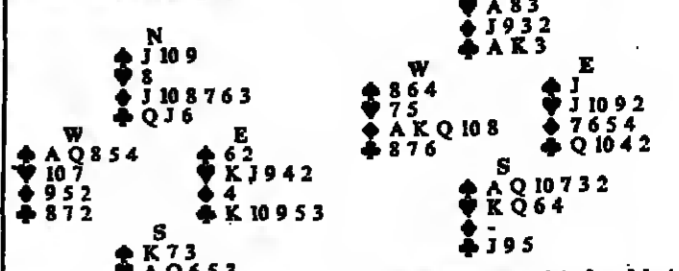
On a number of occasions following heavy rain during the past year, water has flowed over the bank on to my property, causing damage to my house and garden.

Can I claim against my neighbour for the damage caused; have the bank restored to its previous height; or have the dam removed?

Your neighbour probably can be held responsible for the overflow of water and you might even be able to require her to build the dam high enough to prevent further escape of water onto your land. This depends on her ownership of the whole of the stream rather than only half of its width. You would be wise to consult a solicitor.

BRIDGE

MY FIRST HAND today comes from champion Alan Truscott, the bridge editor of the New York Times. Here is his play:



The bidding is not to hand but Bruce, in the South seat, was playing six spades. West led the ace of diamonds. Ruffing in hand, South cashed the ace of spades and East dropped the knave.

That altered the whole thing. If neither spades nor hearts broke, there was a losing heart and also a probable club loser.

At trick three, he crossed to the club ace and ruffed another diamond with the seven of spades, crossed to the club king and ruffed a third diamond with the 10 of spades.

Finally, he led a heart to the ace and ruffed dummy's last diamond with the queen of spades. He crossed to the spade nine to leave a four-card ending in which East held jack, 10 and nine of hearts and the queen of clubs.

Now the spade king drew the last trump and, at the same time, squeezed East. The dummy never had already ensured his contract but, as so often happens, it also operated a simple squeeze against East and South made 13 tricks.

E.P.C. Cotter

Negligent solicitor

When buying my residence in 1978, the property included a small orchard at the rear for which I had no use. I sold this for a nominal sum to a market gardener whose house and land adjoined the orchard. I told my solicitor to include in the sale (conveyance) agreement a covenant to limit the use of this land to agricultural or horticultural purposes, in order to protect the value of my property.

Recently, the market gardener's property was sold to a developer who has obtained planning permission to build one house on the conventional land.

It now transpires that my solicitor failed to register the covenant included in the sale document with the appropriate

Living over the shop

I run a small family business from home dealing in the sale of plants to offices etc but I am thinking of buying freehold premises. I have seen a suitable

property, built in the 1930s and costing £20,000, which for the past nine years has been used as offices for a building contractor.

Upon informing Birmingham Council of my intention, it stated that no planning permission was needed provided the property was used as a retail shop with living accommodation above.

Are any rules laid down for the minimum hours that a shop must be open to the public? And how must I comply with the living accommodation above rule, because I already have accommodation elsewhere?

So long as you do not use either part of the property for a purpose other than the relevant specified use, you should have no difficulty in complying with the planning requirement. You can open your shop for as short a time as you wish, but must not make any other use of the ground floor. Likewise, the living accommodation above does not



have to be used, but when used, it must be only for residential purposes (not necessarily your own).

CHESS

CRITICS of Britain's rise to the status of No. 2 chess nation often point to the fact that the advance has been achieved by only a handful of players. Short and Speelman are in the quarter-finals of the candidates' matches while this pair, along with grandmasters Nunn, Chandler and Miles, led the olympic silver medal teams of 1984 and 1986.

On several other counts, Britain does not measure up as a leading chess country. Below the top grandmasters there is quite a gap in strength, whereas the Russians and Americans have many 2,500-rated GMs.

Moscow's Central Chess Club in Goplyevskaya Boulevard and the Manhattan Chess Club in New York are open daily for experts to congregate and test their latest ideas in blitz play, but London has no comparable venue. In terms of major international tournaments, the UK lags behind Holland and Yugoslavia.

One encouraging trend is that Britain's young masters in their early and middle 20s are starting to achieve norms or qualifying scores for the higher GM title. The International Chess Federation (FIDE) requires a GM to maintain a 2,500 rating (20 British grade) over two or three tournaments incorporating at least 24 games. Since most events are staged over nine to 11 rounds, this means in practice that the potential GM usually requires three norms.

Outside the regular Olympic group, Meisel, Flear and Plasschelt already have the GM title while five more players, Hodgson, King, Kosten, Levitt and Watson, now have one or two GM norms. Younger star 16-year-old Michael Adams of Truro, an exceptional player for his age, is at present competing in the junior international at Oakham School, Leicestershire, with an opportunity for a GM norm.

Gaining your game from expert to GM standard rarely involves any drastic change in style or approach. Rather, it comes from experience as a regular participant on the international circuit, absorbing gradually the finesse of opening theory and sophisticated techniques in standard middle and endgame play.

This week's game illustrates the point. Most strong club players, as White against the popular King's Indian or Benoni defences, will mass their pieces in the centre of the board or on the king's side, hoping to control an open file or launch a pawn advance against Black's castled king.

A subtler plan is to blockade the central front and switch White's pieces to a queen's side break-through, outflanking Black's centre and attacking his weak pawns.

Jonathan Levitt, who obtained his first GM norm recently at Saint John, Canada, wins here in impressive style. The star move is his 19 N-Q1 which controls the E3 square and thus holds up Black long enough for the White rooks to launch their invasion.

White: J. Levitt. Black: G. Hartmann.

King's Indian Defence (Berlin 1988).

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q4, P-KN3; 4 N-QB3, B-N3; 5 P-K4, O-O; 6 B-Q3, P-E4; 7 KN-E3, P-F4; 8 KPF.

Here 10 P-Q3 would transpose to the variation where Penrose defeated the then world champion, Tal, in a celebrated attacking game in 1960. Later analysis showed that Black has good counterplay, so nowadays White prefers a symmetrical pawn front.

8 ... P-Q3; 9 P-KN3.

If at once 9 P-B4, N-N5 followed by N-KB3 and B-B4 neutralises White's initiative.

9 ... P-QR2; 10 P-QR4, QN-Q2; 11 P-B4, N-R4; 12 O-O, P-B4; 13 B-Q3, B-N3; 14 Q-Q2, QN-B3.

Black recedes conventionally with the idea of K-side tactics but 14 ... P-QR4 looks better, conceding a knight outpost at QN5 but blocking the entire pawn front.

15 P-BN3, B-Q3; 16 KR-N1, N-KB3; 17 B-N3.

Better than 17 N-K2, P-N3; 18 BxP, B-B4; 19 BxB, R-N1 when Black has counter-chances.

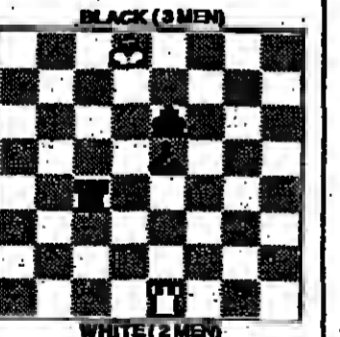
17 ... P-N3; 18 E-E3, Q-R4; 19 N-Q1, B-K2; 20 Q-Q2, B-KR3; 21 B-K3, B-B1; 22 P-QR4, QN-B3.

Black's rook is comfortable as long as White can maintain his blockade of E3.

22 ... N-F4; 23 N-K2, B-N3; 24 BxP, Q-R3; 25 Q-Q2, R-N3; 26 P-F4, P-E4; 27 R-F4, R-N3; 28 N-E3.

Triumph of the White strategy: Black's stance is stymied and his Q-side pawns are weak while White's passed pawn is free to advance.

28 ... B-D3; 29 E-B7, K-E3; 30 R-F7, K-K4; 31 B-B7, P-N4; 32 R-R7, B-B1; 33 B-K3, B-B2; 34 B-N3, K-Q5; 35 P-Q4, B-QB4; 36 B-R2, B-K2; 37 R-K7, K-E3; 38 P-Q7, B-KB1; 39 B-E4, Resigns.



PROBLEM NO. 717
From the Yugoslav team championship, 1981. The last capture was at move 52 and this was move 53. Chess rules stated that if there were 50 moves on each side without a capture or a pawn move, the game was drawn. So Black (to play) had only three moves to force mate or win the White rook.

They continued 53 ... B-QB7? 100 B-E3? Why were both moves blunders, and why would the players have been less fraught in 1988?

Solution Page XVII

Leonard Bardea

MORGAN GRENFELL

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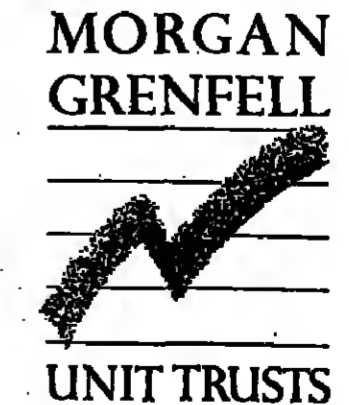
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FINANCIAL TIMES
SUNDAY SUPPLEMENT

TRAVEL

South Korea is readying itself for a tourist invasion. Michael Thompson-Noel reports from the Olympic city of Seoul.

Korea goes under the microscope

UNTIL quite recently the selection of Seoul, in South Korea, as the city to host the 1988 summer Olympic Games was seen as eccentric and perverse — another manifestation of the death wish that some say has settled on the Olympic movement since the slaughter of the protesting students in Mexico City 20 years ago.

The main objection to Seoul was its location: just 56 kilometres south of the demilitarised zone, or DMZ, that marks the border between North and South Korea and thus constitutes one of the world's most sensitive geo-political fault lines — a heavily-mined and constantly patrolled corridor that has bisected the Korean peninsula since July 1953. Today — touchingly — it occupies a niche in ornithological lore by providing ironic protection to several formerly endangered species of bird, among them the Manchurian crane.

There is still enough time between now and September 17, when the Seoul Olympics open, for all sorts of fisticuffs and posturing, or even more terrorism. Yet the Games are likely to proceed — in which case the billions that the Koreans have spent may seem to be justified.

All of which will place Seoul — and South Korea — under the microscope, a process that is already well under way. As a correspondent of *The Korea Herald* reported recently from Tokyo, with the Olympic countdown continuing, "so many of the publishing houses hereabouts are going great guns cashing in on it. You could say, why not? Why indeed? From the onset of this year, as far as I can see, not a week has gone by without seeing at least a fresh pair of titles on Korea today, yesterday or even tomorrow reviewed or advertised in the local press. The pitch of it is as if it is the sweetest pleasure."

And so it is. The Koreans are immensely proud of their battered capital, though the tourism people — as ever — tend to bathe it with an opaline glow where none is merited.

With a population of more than

10m, said *This Week In Seoul* recently, the Korean capital is one of the largest cities in the world. "Its rapid growth in recent years," it added, "has been amazing." Today the ever-expanding metropolis shows an ideal blend of new and old. Royal palaces and other historic remains are either hidden behind groups of tall modern buildings or just seen from roadside so that people can get inside to take a stroll in a palace garden if they like.

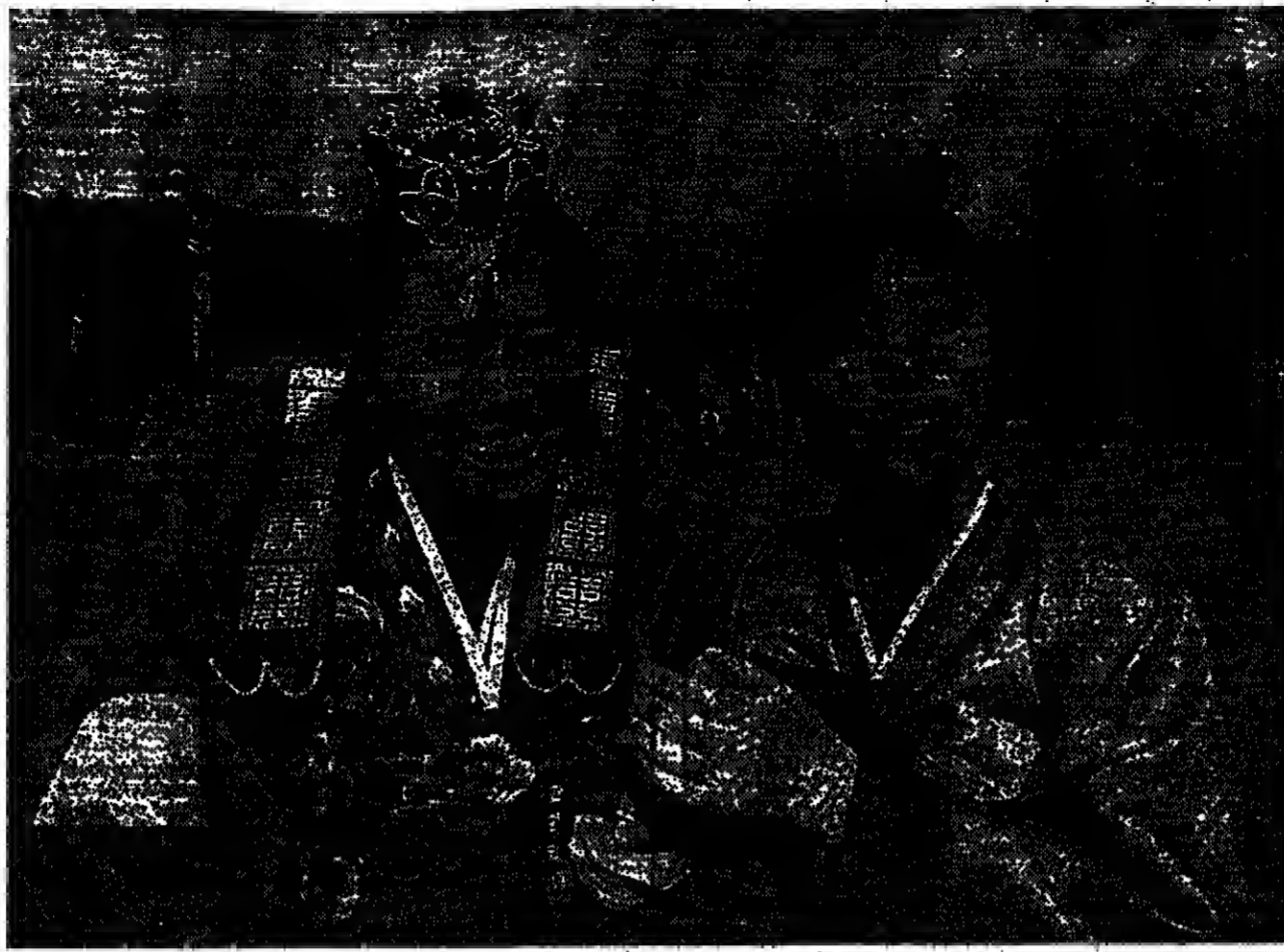
It is certainly a mix of new and old. But it is also one of the ugliest big cities I have seen — all up hill and down dale and scarred by some of the shoddiest-looking, most undistinguished modern architecture you will see outside Russia.

Seoul also has a bad traffic problem (which big city does not?), though this particular irritation may well be swept under the carpet for the duration of the Olympics if the powers-that-be proceed with plans to crack down on Seoul's 500,000 private car owners by banning vehicles with licence plates ending in odd numbers on oddly-numbered days, and even numbers on even-numbered days.

"It won't be perfect, but we prefer it to chaos," said a man at the Transport Ministry. The ministry hopes to keep things moving during the Games by using an extra 1,000 buses, and by running an extra 100 subway trains. Firms in Seoul are also being asked to help by encouraging their workers to take their annual holidays during the Games.

Though it looks dull and dusty and completely unremarkable, Seoul is an exuberant and swinging city — thinks in large measure to the Koreans themselves who are tough, generous, humorous and friendly. They seem to work extraordinarily hard, yet are wonderfully addicted to life's sweet pleasures. And the women are beautiful — splendidly so.

The best way to see Seoul is to strike out on foot along one of the great boulevards and then to plunge down the first side street you encounter. At once you will



Korea is a mix of the old and the new — nowhere more so than Seoul. Here a Korean bride, posing with a friend, shows off her traditional wedding dress

enter an intricate otherworld of markets, restaurants, *tabang* (tearooms), *soju*-houses (small, noisy taverns), beer halls, shops (good buys include silk, ginseng, celadon, antiques, ceramics and made-to-measure clothes), barbers' shops (where just about anything seems to happen or be available), shrines and hidden temples.

Then plunge down a smaller street — at a food stall in one of them I saw 14 pig's heads, pink and freshly boiled, with 14 pairs of trotters — and then a *smaller* one, and so on, until you at last feel the pulse of what is a bewitching but vivacious city. If you are truly into vibrancy, strike out for Itaewon, a shopping and entertainment district that stretches east from the US Army base at Yongsan and is dedicated to all earthly pleasures.

Seoul was originally surrounded by a ten-mile wall with eight gates, five of which survive

today. Within the boundaries of the old walls are numerous palaces, temples and museums.

Similarly, there is a wide choice of full- and half-day trips with which to while away the time: among them, Kanghwa-do (isle of Kija, an important silk-weaving centre, 50 kms northwest of Seoul); Pannunjom (a village that straddles the DMZ, where more than 400 official meetings between North and South have been held since 1953); Suwon City (both a contemporary provincial capital and an ancient fortress city, 51 kms south of Seoul; Incheon (the site of Gen Douglas MacArthur's daring pre-dawn amphibious landing in September 1950, 39 kms west of Seoul); Mount Sogol National Park (a three-hour drive by car; Sogol means "Escape from the Vagabond", and so on.

More ambitiously, there is plenty of scope for travel further

afield. I shuttled down to Kyongju, in the Valley of the Sila Kings: an expedition that (without too much imagination) sweeps you back 2,000 years for a tour of Korea's golden age, the Sila era, which lasted only eight years short of a full millennium.

Kyongju itself is run-down and shabby (though none the worse for that), but its importance lies in the access it provides to numerous temples, burial mounds, palace ruins, Buddhist statuary and other relics. At the Sila Kiln you can buy what one guidebook calls "authentic reproductions" of Sila pottery and statuary, and watch master craftsmen at work.

There are three ways to get to Kyongju from Seoul: a 55-minute flight to Taegu, then an hour's bus; the express train from Seoul Station, which is exceedingly comfortable and takes 4½ hours, or the express coach (also 4½ hours). I went by train and cer-

tainly did not regret it, though unless you speak Korean you may have trouble booking tickets. (Your hotel will book them for you.)

● I travelled c/o Cathay Pacific Airways, the Mandarin Oriental (Hong Kong) and Hilton International (Seoul). Cathay has nine flights a week between Hong Kong and Seoul. Cathay's London-Seoul fares (via Hong Kong) start at £1,056 return.

Among guide books, ignore the Insight Guide to Korea, which is lavishly produced but empty-headed. Instead, Collins has produced an illustrated Guide to Korea by Daniel P. Reid (28.95) which is bang up to date. Even better is Korea Guide, by Edward B. Adams, which is very strong on culture (Seoul International Tourist Publishing Company, available generally).

Olympic view, Page XVIII

FIRST-CLASS hotel accommodation in Seoul is likely to be extremely scarce — probably non-existent — during the fortnight of this autumn's Olympic Games (September 17-October 2), mainly because it will be packed with officials, dignitaries, *mesjeh* and other travellers.

But you still have time to secure a Games package. Michael Norris, chairman of Sportsworld Group, whose Sportsworld Travel is the UK's only official Olympic agent, says the level of interest has been extremely high, with more than 5,000 enquiries on his books to date.

He says he has plenty of plane tickets, plenty of Games tickets, and lots of accommodation in the Olympic Family Towns — located near Olympic Park, one of the two main competition sites — which will have a total of 12,000 rooms when it is finished: 2,300 for athletes etc and 9,700 for tourists. I visited these facilities a few days ago and very comfortable they are, with excellent access to the Games venues and to downtown Seoul.

This week Sportsworld released a 16-page brochure offering a range of tours from eight to 17 nights and from £1,495 to £3,295 — including airfare, accommodation, breakfasts and transfers. Events tickets are not included in the price. These can be ordered separately, ranging from \$7 to \$14 and rising to \$100-\$200 for the opening and closing ceremonies.

There are two other types of accommodation to bear in mind: *yogwans* (simple Korean-style inns, 280 of which have been deemed suitable for Olympic tourists). And there is a home-stay programme, whereby you stay in private homes at a rate of £10 a night (during the Games) of £25 single occupancy and £50 double.

Sportsworld will be using Korean Air via Europe, Cathay Pacific via Hong Kong, Thai International via Bangkok and Japan Airlines via Tokyo. Korean Air and British Caledonian are planning to operate direct flights to Seoul by September.

It is a long flight from London, so you may want to break it up. Sportsworld offers various stop-overs, including Hong Kong (three nights from £225), Tokyo (three nights from £225), Bangkok (three nights from £140) and Singapore (three nights from £175).

Sportsworld is at 220 Old Broad Street, London EC2

ARR WE all ready for a successful Olympics? Of course we are — by order. This Week In Seoul recently carried the news that restaurants near the Olympic venues are being urged in no uncertain terms to provide non-smoking areas. This will affect 2,300 restaurants, plus 8,000 smaller eateries.

"Restaurants are not forced by any means," said the authorities, "but what the authorities and concerned organisations judge necessary for a successful execution of the world sports event is what none will oppose because all the nations is eager for the success of the Seoul Olympics. Even people against the present administration can hardly fail to support Olympics."

According to a travel operator in London: "The Games ought to be a spectacular success. Unlike Los Angeles, Seoul is under no obligation to show a profit. If any problem arises, they'll throw at it whatever money it takes to buy themselves a successful Olympics. But they've got a long way to go before their tourism bureaucracy can match the PR skills of Thailand or Hong Kong, for example."

BETWEEN August 1 and October 10, 18 special locally-arranged tours will be available via the Korea National Tourist Corporation (KNTC), 88 Tour Reservations Dept, 12th floor, Tourism Centre Building, 10 Ta-dong, Chongno, Seoul, Telex: KTASKE, K25151.

WINNERS can stay up to 15 days in Korea without visas. Some can stay for 90 days, including those from Austria, Belgium, Denmark, Germany, Holland, Spain, Switzerland and Britain.

IN LONDON the KNTC is at Vogue House (2nd floor), 1 Hanover Sq, W1R 3HD. Tel: (01) 498-3514. Other telephone nos: Los Angeles (213) 623-1227; New York (212) 688-7643/4; Chicago (312) 688-6600/1; Seattle (206) 441-6666; Frankfurt 069-233226; Paris 45-38-71-23; Zurich (01) 918-0662; Tokyo (03) 536-3941/2; Osaka (06) 256-9947/8; Singapore 330041; Hongkong 5-238063/7; Sydney 274132/3.

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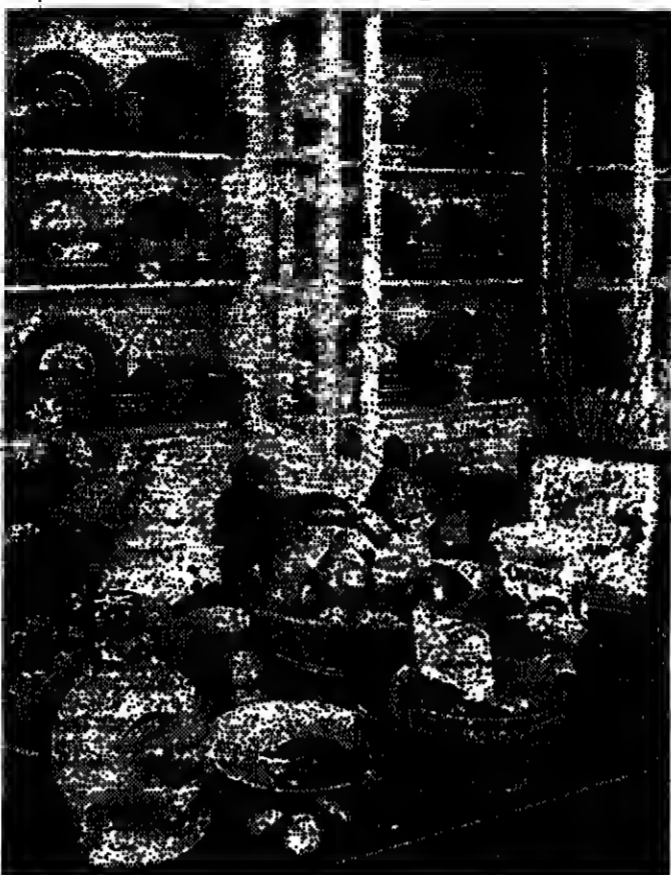
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COLLECTING

Anthony Thorncroft examines Andy Warhol's magpie collection

Weird but hardly wonderful

ANDY WARHOL'S reputation as an artist - brilliant innovator or meticulous con man - can safely be left to posterity, which will doubtless change its mind each generation. His status as one of the great eccentrics of the 20th century will stay secure.



The Warhol kitchen, the centre of his waking domestic life. The Harlequin coloured Fiesta wear should make ridiculously high prices.

content to let the roller coaster go on without him. Sometimes he would put on one of his hundred or so leatherjackets, his blue art deco jewellery and watches. One of his few flamboyant acquisitions was a pair of Carmen Miranda's shoes.

If there was no overall consistency to Warhol's collecting, no all-embracing link, he can be credited with always being ahead of the herd. All the main areas of his eclectic collection subsequently became fashionable - art deco, American Indian art, American furniture and folk art, contemporary art. He bought cheaply for Sotheby's to sell expensively: Warhol's total outlay on art was certainly less than \$3m, a fairly insignificant sum for a man who could sell a silk screen image for \$100,000.

If anyone still trusts Warhol's collecting judgement, in his last days he was buying up 19th century bronzes. He also seems to be entering a fairly predictable stage of megalomania: one of his latest buys was a large bust of Napoleon, attributed to Canova, which confronted the rare visitor to his mansion.

Perhaps his very last significant purchase was a vase, almost three feet high, made by Marc Louis Solon for Minton in 1902. Sotheby's sold it for \$22,650 in October, 1986 and Warhol bought it from the dealer-buyer. Its classical imagery is hardly of the kind that the apostle of pop art would be naturally associated with. But Warhol, who pioneered an extreme, was to die embracing another and far older tradition.

There was little pop art in his home and there is little in the sale of top quality. He does not seem to have been a great appreciator of American contemporary art. There is some Roy Lichtenstein, Cy Twombly, and Robert Rauschenberg. A Jasper Johns, estimated at up to \$450,000, could be the most expensive item at the jeans, his glasses and his wig to go to a party, but most of the time he lived through his image. Now anyone can buy into the Warhol business, acquiring one of his 300 and more watches, or the 260 items of jewellery which he wore, if ever, under his clothing. All of Warhol's legend is up for sale, (except his wig). And anyone not prepared to pay exorbitant prices for what are very attractive trifles might buy the set of catalogues for \$90, which are embraced by nicely indiscreet members by his friends.

One painful side effect of dying, especially dying prematurely, is that the facade you have invested a life time's energy into creating is suddenly shattered. Warhol in his later years hid behind dark glasses, an aloof, silent manner, constant companions who communicated for him; and the sedate walls of a grand Victorian mansion in the fashionable Upper East Side of Manhattan.

Now the veil has been shattered, and Sotheby's has the rewarding task of disposing of the effects of a man who turned out to be a compulsive, indiscriminating hoarder, who led the *avant garde* from a base of genteel old fashioned splendour; and whose philosophy of art seems to be incoherent to the point of infantile.

From April 23, for ten days, Sotheby's is selling in New York Warhol's estate wrapped up in over 3,000 lots. Artists' charities will be the beneficiaries. The sale-room anticipates handling over to the executors up to \$15m. Given the interest in Warhol, and the sheer oddness of many of the items up for sale, the total will be much higher. It is the biggest auction ever held in the US - and the strangest.

Nothing created by Warhol is on offer - a studio auction may be arranged later. As he got weirder and weirder Warhol, with a chum, began every day with a shop. Always happier to spend \$100 dollars on a thousand eye catching novelties rather than \$100,000 on an established work of art, Warhol soon ran out of space for his cascading collection. The goods piled into his house, gradually squeezing him and his two Filipino maids into the kitchen and the bedroom; into the Factory, later the Studio, where he worked with his cronies; and finally into warehouse storage. When Sotheby's made its inventory it came across antiques, even underhand, means has acquired a much admired group of 20th century furniture.

There is only one part of the auction which attracts the envy of serious, informed collectors. That is the art deco. Warhol was buying in the 1920s, often paying a few francs in Paris flea markets for items now valued by the thousand dollars. He rarely gave things away, but he did make a present of a Deco "refrigerator ware" pitcher to a friend. It had cost him 50 cents but he was happy to discover that the price had doubled once Warhol was known to be a buyer. He bought to prove he was alive, to surround himself with objects, to grab the present. He collected "friends" in the same way, indiscriminately. The objects played little part in his very private life. Like many a manufactured personality he would retire to his bed, in a room furnished from the late 18th and early 19th century, with its frieze of *directoire* wallpaper and its Sheratonian four-poster bed. Above him was a crucifix, alongside a devotional book, for near the end he was a generous Catholic. Close by was the vast television set, with its videos of great old movies. Warhol had more than his fifteen minutes of fame, but was

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Audrey Powell looks at foreign holiday homes which are suitable for families

Something to suit every taste and pocket

THE RANGE of property abroad which is offered on the British market is continually fragmenting in a similar way to new housing at home. Those walls of identical flats along the Mediterranean coast and acres of white mini-villas have given way to just about every size of property one could want at different stages of family life. While studies for the longer are everywhere, finding the right holiday home abroad for families with very young children may not have been easy. Humming them through airports and then keeping the more lively in check while in the flats can try parental tempers. Perhaps the little houses being built amid the sand dunes at Le Touquet in northern France could be the answer. You can cross by car to Boulogne. The development is 20 minutes' drive from the port, with the houses built in clusters. Range control car speeds on the few roads. A short walk over the dunes brings you to miles of beaches with safe bathing, and windsurfing and sailing for adults. The houses, built by Ferinel are designed for the French holiday home buyer and are being tried on the British market for the first time. There is a living room, reached through an entrance lobby that doubles as a kitchen. The bathroom is downstairs, entered from the living area. Open tread stairs go to a gallery landing that acts as a second bedroom and leads to the main bedroom. This gallery would take a pair of bunks which, with a convertible settee downstairs, would allow the house to sleep five. The living area patio doors are double glazed, like the windows, and all have outside wooden shutters, so the place can be securely locked. Each house has a small garden. This type, the smallest of Les Cottages du Touquet, is £24,000. Larger versions go up to £45,000. You pay £10 per month for care-taking and street lighting. English agents Villotet (28 Grafton Terrace, London NW6 4J) will fly people over in the firm's own aircraft for a first look.

But suppose the family is older and seeking something more sophisticated? If the vote is for Spain and the coast, you may believe that Marbella is the only place to be. A development being built close to the Hotel Don Pepe has a spread of prices and types of apartment that is hard to rival. This is Los Cipreses, offering, within six blocks, a range of one-to-five-bedroom apartments, from £98,500 to just over £1m. One block fronts on the beach and adjoins the Club Nautico, which will provide a swimming pool and leisure and sports facilities for owners of all the 197 apartments. Three other blocks are spaced back towards the dividing road and the last two are on the other side. Some have offices and shops at ground level. There will be marble flooring, satellite TV, mini saunas, wide terraces, underground parking and some private swimming pools. Then there are to be the landscaped gardens, fountains and waterfalls. It would be a difficult family that could not find something here.

The Spanish developers, Club Financiero Inmobiliario, expect work to be completed by the end of the year, but they are selling from plans. The London agent is Struzis (5 Milner Street, SW3 2QA). But the Costa del Sol is not a place for winter months. If the younger family has now gone its own way, you may be seeking somewhere in which to spend longer periods in the sun and where a little more tax saving than the Chancellor has offered might not come amiss. The answer could be Malta, where the weather rarely lets you down and where from January, the Nationalist Government cut income tax to 15 per cent for holders of permanent residents' permits. It waives more residents' come and spend their money. But it prefers unmarket ones - so it is those with incomes of £18,000 or over who can take advantage of this scheme. Other foreigners are free to buy in Malta and its sister island of Gozo, as they pay over £14,000. Prices on the islands are reasonable. Such buyers can use their property as a holiday home, but must not let it. Temporary residents can remain on the islands by renewing permits, but they do not benefit from the tax concessions. The Malta Government would like some 5,000 well-heeled Britons and other foreigners to come there as permanent residents, hence the carrot of the tax cut. Such residents do not have to stay there continuously. Holders of a permanent resident's permit can come and go as they wish, but they must buy or lease a property. As another development, the controversial estate duty rules have been changed, so that duty is now only charged on estate in the island. There is a lot more detail and there are variations on requirements. Pending an official brochure, Malta Property Consultants, 3 Beleigh Court, Church Crookham, Aldershot, Hants GU13 0UQ (associated with Casar & Cooper, Silema, Malta) and Frank Salt, 2 Paceville Avenue, Paceville, Malta, a former president of Malta's Association of Estate Agents, will send information about the new regulations, and property lists. Frank Salt is jubilant about the changes. He says: "There is going to be a big boom here. It has started already. We are inundated. At least 60 per cent of our clients are now foreigners." So what can you get on Malta and Gozo? Balconied flats overlooking the yacht marina at £14,000; a water's edge penthouse, with three double bedrooms and two bathrooms, for £63,000, or a four bedroom, two bathroom, seafront villa with air conditioning, double garage, terrace garden and swimming pool for £134,000. Like many realties, this comes furnished. But the attraction for the British are Malta's old properties - the cube-shaped ones, made of blocks of mellow local stone. Or the farmhouses, which are usually part of the village - inward-looking, with arched ceilings, built around a central courtyard with external staircases to the upper rooms. Unconverted they average £14,000; converted, from £27,000.



Apartments at Los Gigantes, Tenerife

A nest in the Canary Islands

MANY BRITONS have bought a second nest in Spain's Canary Islands - seven specks scattered over 300 miles in the Atlantic Ocean - particularly in Tenerife, the largest island, and their numbers are increasing. A few years ago, an international airport was built in the south of the island and a new motorway constructed. Improved communications have led to a new resort at Playa de Las Americas and the expansion of Los Cristianos, a once-quiet fishing village. The development rate in the south of the island is phenomenal, running at around 6,000 new beds a year, with plans for more accommodation and a new marina. Just ten years ago, Playa de Las Americas was little more than scrubby desert, dotted with cacti and the odd mad, wild donkey. Now, huge hotels and apartment blocks proliferate, and massive signs announce exclusive "buyers' clubs". Buyers are mainly British, paying anything from £20,000 to £250,000 for a place in the sun. But prices are considerably cheaper than those on the Costa del Sol. Close to the sea and a short

walk from the village of Las Galletas on the Costa Del Silencio the apartments Parque Don Jose are proving popular with British buyers. There are 289 one and two bedroom apartments. Prices there have risen from between £24,000 and £45,000 to £35,000-£61,000 in just two years. Units are fully furnished and equipped for self-catering. Owners who wish to let their property are guaranteed a first-year rental income of £3,000, inclusive of all running costs, on an 11-month basis, leaving them four weeks a year to use their apartment. Tenerife benefits from year-round letting. Inquiries: Lindsay Noble, Canary Island Properties (Parque Don Jose), 46 Victoria Road, Sarbiton, Surrey, Tel 01-896 7882. Investors from Britain and overseas have been interested in Golf del Sur, a 1,200 acre estate with a golf course and low-density holiday villages, near Reina Sofia airport. Emphasis is on quality and space. Sports facilities abound and a commercial centre is nearing completion. Prices are rising and one of the best developments with room for investment is Green Park, a block of furnished flats, overlooking the golf course. There is a three-tier pool and tennis courts. Prices of studios, one and two bedroom flats, are from £30,490 to £50,000. At Cabo Blanco, neat white-washed terraced houses are selling from £75,000 for two bedroom, integral garage and roof sun-terrace. Overlooking the golf school the 147 Sand Club Villas offer strange of styles and prices from £45,000 for one-bedroom homes and from £85,000 for two. Luxury apartments are also planned. For details about properties at Golf del Sur contact Howard Taylor at P1, 34 Ship Street, Brighton, Sussex, Tel 073 734382. Many Britons are buying Canary Island farmhouses and village houses complete with rustic balconies, beamed rooms and oak floors. Robin Brocklehart of local estate agents Castillo Sur says: "Price drop by around 300 per cent of the island as you move inland. You might get a land plot for a farmhouse and the shell of a farmhouse for around £30,000." Brocklehart and his wife, Hilda, have several properties on their books priced between £10,000 and £80,000. A new project that might appeal to those seeking a more permanent home is Country Life, a residential complex being built close to the village of Arona, around 15 minutes drive up into the hills above Los Cristianos. The detached two-bedroom houses in a small complex built around a pool, are selling from £44,000. Building plots are also available priced from £7,500. A three-bedroom farmhouse can be built for around £51,000, including land costs. Details of these homes and the Country Life project can be obtained from Robin Brocklehart of agents Castillo Sur, And Suecia 18, Los Cristianos 38650, S. Tenerife, Tel 010 3423 792319/282124. Further west, along the rocky coast road to Los Gigantes, named after cliffs that surround this peaceful resort, is San-Sofo. This is Aer Lingus Espana's property show-place and includes a five-star hotel, built in partnership with a local developer, Kurt Conzel. Details from Dennis Rafter, Director General, Aer Lingus Espana, Puerto Santiago, Los Gigantes, Tenerife, Tel 010 3422 867428.

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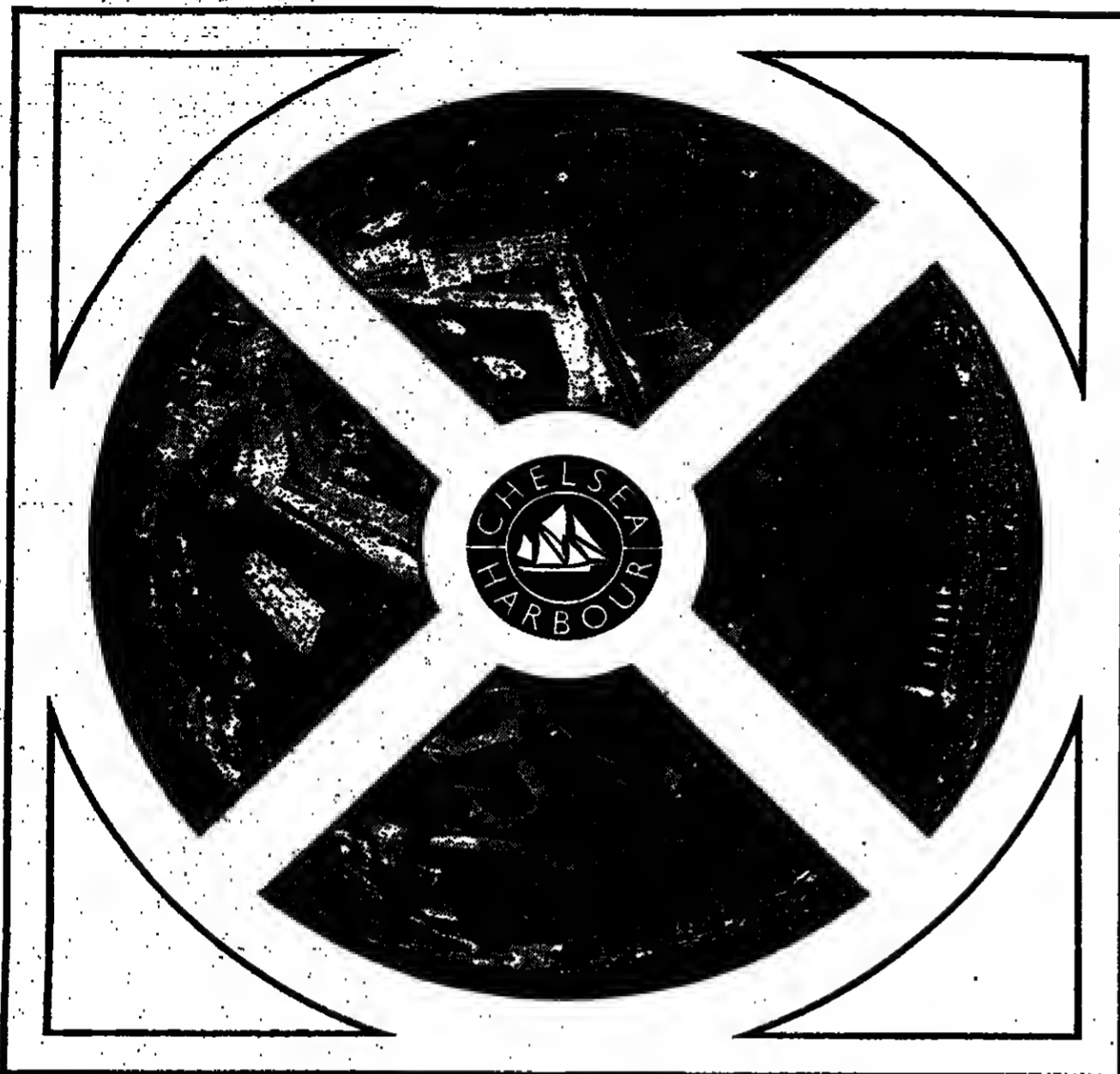
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BOOKS

David Thomas on three books which take the Government's Education Bill to task

Testing tomes for Mr Baker

A COMMON POLICY FOR EDUCATION by Mary Warnock. Oxford University Press. £12.95, 185 pages. BENDING THE RULES: THE BAKER "REFORM" OF EDUCATION by Brian Simon, Lawrence and Wishart. £4.95, 126 pages (paperback). TAKE CARE, MR BAKER edited by Julian Haviland. Fourth Estate. £3.95, 288 pages.

THE MOST important set of reforms to Britain's educational system for 40 years is unfolding through Parliament yet there is no national consensus on the questions it should be addressing. Much of the educational establishment stands ready to raise their voices against Kenneth Baker, the Education Secretary, to judge the first crop of books about the mammoth measure.

There is scant agreement on what education should do. Yet paradoxically, as Mary Warnock writes in most people agree that education should do something, and that it is not doing this something. Lady Warnock takes this dissent as her starting-point for a root-and-branch re-think of the aims of education and the way those aims should be pursued.

Her main purpose is not to criticise the Baker Bill, yet most of the assumptions underlying it are tested and found wanting. She points, for instance, to the danger that the new power for schools to opt out of local authority control will encourage even wider standards between schools in the same area.

Lady Warnock is particularly powerful when talking about the anti-boltonism parents. Parents, she reminds us, are capable of voting in the same opinion poll for a return of the grammar school and against a return of the 11-plus. Many parents tend to have, at best, a passing interest in a particular school and as a body can be swayed by small groups with firm views.

But the burden of the book is constructive, not critical. Starting with the secondary school, widely seen as the epitome of the present educational malaise, Lady Warnock produces a string of proposals of breathtaking boldness. Only when she arrives, nearer home does the Mistress of Girton College, Cambridge, rein in her radical impulses: her suggestions for the universities, such as an extra year to help prepare mature students for their theses compared with her ideas for secondary schools.

The abolition of A levels, the replacement of all age-based exams by graded tests taken when pupils are ready, the division of subjects into theoretical and practical instead of into arts and sciences - these are just some of the ideas propounded within this slim volume.

It might be feeble-minded to object to them simply on the grounds that as a package, which is how Lady Warnock wants them judged, they would entail a greater upheaval of the school system than anything envisaged by Mr Baker. But it is disconcerting that so little space is devoted to exploring the practical implications: just how schools, for instance, could organise a system under which pupils took a series of graded tests in each subject as and when they were ready.

Lady Warnock has much more to say about the school system than anything envisaged by Mr Baker. But it is disconcerting that so little space is devoted to exploring the practical implications: just how schools, for instance, could organise a system under which pupils took a series of graded tests in each subject as and when they were ready.

The book is on stronger ground in insisting that teachers should be at the centre of educational reform. This is not, as such statements often are, a thinly disguised defence of the conservatism shown by many teacher organisations. On the contrary, the book acknowledges the low standards which have marked teachers' claims to be treated as a profession.

It proposes interesting reforms to teachers' training, such as the creation of teaching schools on the model of teaching hospitals.



Lady Mary Warnock: a root-and-branch re-think of the aims of education

But Bending the Rules is spoilt by two feeble and unrelated themes running through it. The first is a wholly unconvincing conspiracy theory. The reason education came under attack is because industrialists picked it as a scapegoat when their own dismal performance sent the economy into a nosedive in the 1970s.

The Government's intention is to destroy the education enjoyed by the working classes and to improve standards in those schools frequented solely by the children of yuppies.

The second is the unattractive assumption that merely to record the objections of the educational establishment to a part of the Baker Bill is enough to show it should be discarded. When the book notes approvingly that no fewer than 25 "educationalists" gathered in October at Warwick University to laugh and shout

"shame" at a junior Education Minister, the reader begins to understand what is driving the Government.

The substance of Brian Simon's book overlaps with an excellent reference book put together by Julian Haviland, former political editor of The Times. Take Care, Mr Baker. It extracts many of the hundreds of comments sent to the Education Department about its proposals. Most are extremely sceptical. Mr Baker has a lot of people watching him.

A third edition has appeared of Power With and Responsibility: The Press and Broadcasting in Britain by James Curran and Jean Seaton (University Paperbacks/ Routledge £8.95, 372 pages.) Originally published in 1981, the work assesses the influence of the media.

John Lloyd on an appreciation of the life of a great early pioneer of human rights

When common sense was all the rage

THOMAS PAINE by A. J. Ayer. Secker and Warburg. £12.95, 206 pages.

TOM PAINE had the kind of effect on politics of which theorists and journalists dream. His first major work, Common Sense, was perhaps the major factor in jolting the leaders of the American colonists out of their constitutional rut to revolt against the British Crown: his Rights of Man spoke directly to the debates in the French revolutionary convention in the early 1790s - and



A J Ayer: a witty series of reflections

He also puts most - all - contemporary theorists and journalists to shame for courage in advancing his opinions in the face of enemies on every side. Common Sense got him some money (not much) and an official position in his adopted America (he emigrated from England in 1774) - but Age of Reason was denounced everywhere as blasphemy and Rights of Man had him declared an outlaw in England and contributed indirectly to his imprisonment in France. He constantly refused both office and money, made very little from the colossal sale of his pamphlets (Common Sense sold some 250,000 copies and Rights of Man may have sold twice that) and remained largely neglected. His reputation was not really made until our own century, in which he has been elevated to the American Hall of Fame and made the subject of a song by Bob Dylan, in his own country.

Ayer's book is a wholly unusual one. He does the great

what he calls "Paine's blueprint for the welfare state," he embarks on a lengthy aside in which he rejects the fashionable assumption that the welfare state has been "discredited" and continues.

"We hear much at the present time of the failure of Britain to keep pace with other Western countries in economic growth. It is supposed to justify the retention of a government which fosters and relies on an appeal to greed. But the standard of living of the average Englishman is higher than it has ever been in the past, and far higher than that of the vast majority of the world's population. Why should it matter to us that the citizens of a few other countries live, on the average, even more luxuriously? The question we should be asking is whether we are not purchasing the standard of living that perhaps a majority of us do actually enjoy at too high a cost to the large numbers, even of our own countrymen, who are less fortunate than ourselves."

But the book is more than a polemic: it is also a celebration of values and an attitude to life. Ayer observes, sadly, that Paine's ideals of full participatory democracy, respect for civil rights, an end to unearned privilege, social responsibility for the weak, are observed more in a symbolic than in a practical sense by governments. Modestly, Ayer offers as a summation of his subject's character the conclusion of H.N. Brailsford's essay (in his Shelley, Coleridge and the Circle 1913) - which, on his own evidence, probably cannot be bettered.

The neglected pioneer of one revolution, the honoured victim of another, brave to the point of folly, as humane as he was brave, no man in his generation preached republican virtue in better English nor lived with a finer disregard for self."

service of analysing the three major works at some length, setting them deeply in their philosophical and political context: at the same time, he takes brusque issue with what he sees as Paine's mistakes; and further, towards the narrative with contemporary asides of his own. The effect is one of an inspired, polymathic, rambling appreciation which eschews the academic convention of impersonal distance in favour of a sometimes tetchy, sometimes witty series of reflections. For instance - after describing

Long march in Africa

THE RACE TO FASHODA: EUROPEAN COLONIALISM AND AFRICAN RESISTANCE IN THE SCRAMBLE FOR AFRICA. By David Levering Lewis. Bloomsbury. £15.95, 304 pages.

IN NUMEROUS reworkings of the Scramble for Africa, the tale of Jean-Baptiste Marchand's long march has formed a natural finale. By 1898, when the default captain raised his country's tricolor beside the Nile in a vain attempt to upstage Kitchener, the carve-up was almost complete. It is a great adventure story of that kind, of course, and Lewis does not wince at the histrionic incident in which a black force publique contingent killed, roasted and ate their Belgian officers; then the leaders of the rebels dressed in the white men's uniforms and sat around on cane chairs for a post-prandial discussion on how they should attack Stanleyville.

The "freedom fighters" who come most convincingly into focus are the emperor Menelik of Ethiopia and the poor, crazed Kikuyu, whose 50,000 derelicts were the backbone of the expedition. There certainly was resistance, but in the long run the outcome was sure: "Whatever happens, we have got the Maxim gun, and they have not."

The only magnificent exception was the trouncing of the Italians by Menelik at Adowa.

It would be said, in Lewis's

favour, that he writes well (apart from a few slips into American academic jargon) and keeps adroitly on the track of his narrative. That is a feat, because he has to dart repeatedly from Paris to Addis Ababa, from the Victoria Nile and back up to Brussels. Finally we are away with Marchand, and his men, up the Ubangi and its slimy tributaries to the swamps of the Bahir al-Ghazal. The book has some good maps, and the reader who pays reasonable attention always knows where he is.

Lewis obviously likes Marchand, colonialist though he was. In the closing pages, the French expedition, disowned by Paul d'Oraay, is visited at its final Fashoda fortress by the victor of Omdurman. After drinking Marchand's champagne, Kitchener tells him firmly to clear off. The tricolor is sadly lowered, and the march is resumed, to Djibouti and home.

Faith on trial

THE TRIAL OF FAITH: THEOLOGY AND THE CHURCH TODAY edited by Peter Eaton. Churchman Publishing £12.95, 266 pages.

THIS CONTRIBUTORS to this collection of essays are heralded by a preface in which the Anglican Church degenerates into an association of clubs for people who like to indulge in a leisure time pastime called religion. Their faith is well-grounded.

In fact, the English contributors, who include Bishop Jenkins and Don Cupitt, point in other more intellectual directions. What they write is always intelligent, rational, and too often marred by academic jargon. It takes a journalist, Rosemary Hattill, to express with real eloquence the need for a book such as this might have been.

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Paperback Fiction

Cashing in on a world of risqué business

FINANCE HAS come out of dusty textbooks and onto the fiction lists. It is hardly surprising. The combined forces of greed, the City and on Wall Street, and the glamorous high-profile lifestyles of the modern financier, has proved a gift for thriller writers.

When Emma Latham was writing financial detective stories twenty years ago, it was still possible to characterise bankers as shrewd, cautious, respectable types. That image has been swept away by the high-risk, highly risqué financiers of today.

It is a world of sex, fast cars, big cigars, and when the money is in danger, more sex. These books contain more tender offers between the sheets than on the stock exchange. Thriller writers have caught up with the financial revolution but not with the spread of AIDS.

Take Gordon Gekko, the reptilian corporate raider who is the villain of Wall Street (Grafton, paperback, £2.95, 206 pages), the book written by Kenneth Lipman from Oliver Stone's film. When a tip from his young protégé, Buddy Fox, turns out to be correct, Gekko sends off, by way of thanks, a prostitute in a stretch limo, replete with supplies of cocaine.

Women are as much a commodity in these books as pock-belly futures. They may pursue glamorous careers - including becoming models - but they are ready to hop into bed at the drop of a chequebook. Even the super-smart Wall Street Journal reporter ends up entwined with the hero - a cross between Paul Valdez and Henry Kissinger - in Paul Erdman's The Race of '89 now in paperback (Grafton, £2.95, 288 pages).

Mr Erdman, who could claim to be the king of the genre, rarely lets plausibility get in the way of the plot. "These Goddamn crazy little bastards," he has Mikhail Gorbachev exclaim in response to a Venezuelan plan, involving Swiss bankers and Carlos the Jackal, to bring down the American economy. Mind you, having finished the book, it does seem a reasonable comment.

Also, when all is revealed, all is unsatisfying. Patterson digs up that old cliché, the Russian spy who is a master of disguise and throws in, for bad measure, a dark conspiracy at the heart of the US establishment. A good opening is completely wasted.

Those thrillers which abandon the global approach and concentrate on the individual caught up in murky monetary muckies are better value. Even in Wall Street amidst all the sex and the leaden prose - "Bart's internal turbulence intruded on his external grief" was my favourite - there is the occasional golden moment.

When Gordon Gekko defends his position as a corporate raider at a shareholders' meeting of the target company, you get an idea of the complex issues involved in the world of mergers and acquisitions. But by the end of the book, we are left in the moral muddle - in this case, white collar bad, blue collar good - that characterised Oliver Stone's Fission.

Paul-Loup Suttner's Money (Grafton, paperback £2.95, 306 pages) has all the energy and vulgarity of a comic-strip. Not a book to lend to your grandmother but it does commiserate the "buns" that some people get from money, as the hero devises ever more elaborate schemes to gain revenge on those that defrauded him.

The heart does sink when faced with the disjunctive of Taboo (Grafton, £10.95, 268 pages), a book about an industrialist called Kurt King, and written by "J.R. Johnson. But after the first 200 pages, the author manages to leave the world of Dallas and Dynasty well behind, and the subsequent story of the battle against corporate raider Zensu, is both realistic and enthralling. Nevertheless, the financial thriller has yet to find its middle-brow champion, an author like Conan Doyle or Le Carré who can establish a genre's popularity. Financial fiction needs its own conventions and symbols - until it does, it will be stuck in the "smut and shiny foreigners" world of so much modern pulp fiction.

Philip Coggan



Detail of painting of a barque by H.R.J. Everett (1876-1949). It is one of numerous illustrations in the Concise Catalogue of the Oil Paintings in the National Maritime Museum (Antique Collectors' Club, £45.00)

Harsh lessons

TIME OF OUR DARKNESS by Stephen Gray. Frederick Muller. £11.95, 328 pages. LITTLE MISUNDERSTANDINGS OF NO IMPORTANCE translated from the Italian by Frances Frere. Chatto & Windus £10.95, 136 pages. THE DREAMS OF GENERAL JERUSALEM by Peter Marra. Bloomsbury. £12.95, 242 pages.

Time of Our Darkness is the candid story - by a South African academic - of a love affair between a gay white teacher and his star black pupil, who is 18 years old. It is pretty crude, and not all women readers will enjoy its stark account of a homosexual trying to make love to a woman - that is to say, they may with some justice feel that their sex is badly misrepresented. If not misunderstood, but although more in the nature of intelligent propaganda than literature, Time of Our Darkness provides many insights, not least into how the atmosphere generated by intolerance, brutality, or at the very least de-sensitisation, everywhere, including its opponents.

Little Misunderstandings of No Importance contains 11 stories by the leading Italian novelist, Antonio Tabucchi. They are outstandingly well translated by the vet-

eran translator, Frances Frere. The tales, gently allusive, are exquisite in their whimsical omniscience. The title story relates a truly shocking and tragic situation in a manner so deep that one has to go back to the beginning to be sure what one has read - but this, we are convinced, is exactly the way in which the worst things do happen. Elsewhere Tabucchi more than recalls one of his great and still neglected compatriots, Pirandello, and, since he never merely imitates any writer, one can surely ask for more.

Peter Marra's The Dream of General Jerusalem is a highly efficient and well-informed account of American-African corruption under the guise of good will. A "new" African nation is planning to build a model city with the money from an American foundation. But the personality of the charismatic leader, the lobby of the bureaucrats, the dreams and ambitions of those in charge - all these thwart and finally destroy the scheme.

The writing and characterisation here are on the elementary side, but are competent enough to bring out in bold relief the book's humanitarian message.

Martin Seymour-Smith

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DIVERSIONS

Secret Places

Cliff-top walks are no pushover

The legwork involved in coastal walks can reward you with some fine scenery, says Martin Collins

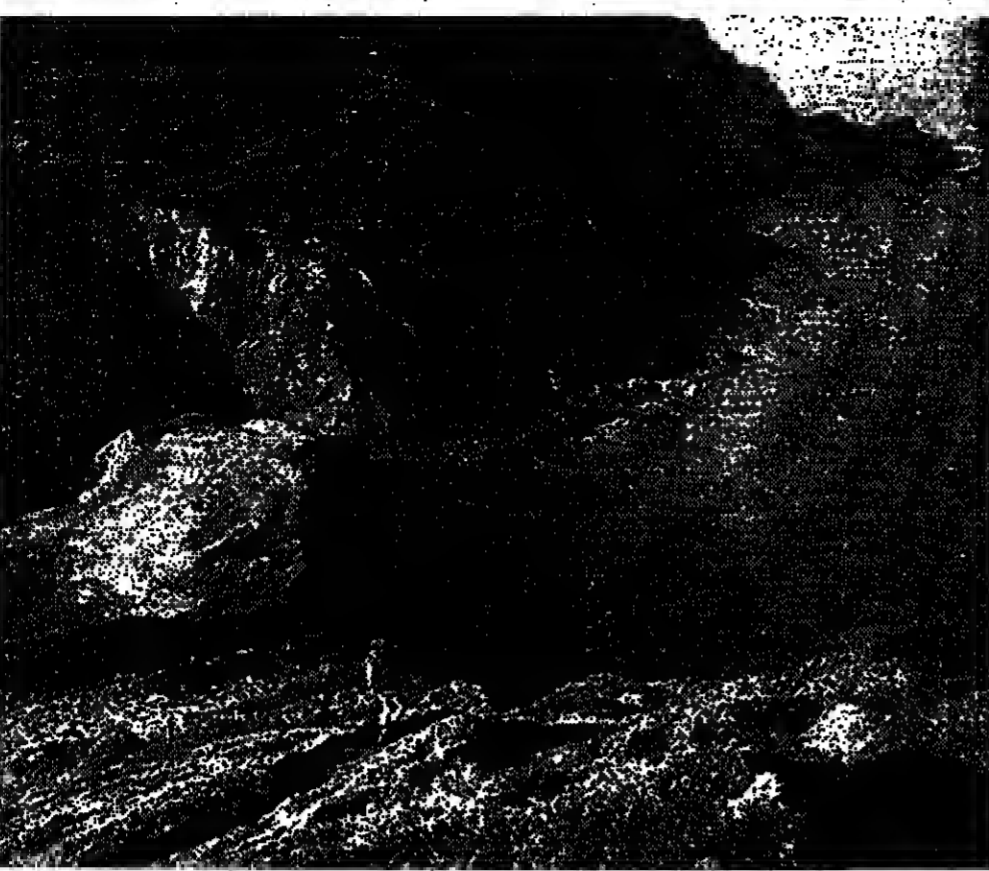
IF YOU instal yourself on a crowded Devon or Cornish beach and never venture beyond the nearest headland, you get no real sense of what separates you from the next harbour or resort. However, surprises galore await the coastal walker armed with a little knowledge and motivation. If your daily range extends to 10 or 15 rugged miles, even long-established resorts assume a new perspective as mere punctuation marks in the poetry of cliff and foreshore.

Most of the time you have it all to yourself. Do not be deceived by a holiday ambience into thinking of coastal walking as a pushover. (The pun is deliberate - there are dangers for the unwary on narrow cliff-edge paths and on beaches during a rising tide.) Erosion nibbles at the land's margins and sends paths in regular retreat. Even hardened hill walkers will find some stretches challenging. The Pennine Way is no preparation for these dizzy gradients. But leg work is consistently rewarded with the finest coastal scenery in Europe, varied wild life and hiking guaranteed to lift your spirits.

The entire south west peninsula coast path runs 567 miles (922km) from Minehead in Somerset to Poole in Dorset. Within its span are a thousand secret places visited only by walkers and seabirds. One of the grandest and least frequented walks - a strenuous 13 miles (21km) - crosses the North Devon/Cornwall border to link Hartland Quay with Bude. It is not for the faint hearted or for stormy days, but a few inland escape routes exist if it all gets too much. Whatever your fitness level, plenty of time.

Hartland Quay stands at the road-end west of Bideford, not far from Hartland Point: wrecks litter this ungracious coast. The walk starts at a nature reserve stile. Dropping round the truncated St Catherine's Tor, over a stream and the next skyline, the path descends to Speke's Mill Mouth. By peering over a bank, you see the most dramatic waterfall on the whole South West Way.

A newish footbridge leads away from the one-time valley route up to a sensational crest of cliff-top where, back beyond



A rugged coastal walk with fine scenery: Marsland Mouth on the Devon-Cornwall border

to Welcombe Mouth has been provided with steps. Purists hate such taming 'improvements', but erosion is indisputably held at bay.

Big switchbacks begin in earnest with a climb over to Marsland Mouth past a tiny stone cabin once belonging to the post-playwright Ronald Duncan. Steep zig-zags negotiate the combes, the path growing noticeably less steep as you descend. Charles Kingsley vividly describes this wild coast in 'Westward Ho!'. To landward all richness, softness and peace; to seaward, a waste and howling wilderness of rock and roller, barren to the fisherman and hopeless to the shipwrecked mariner.

You greet Cornwall as you cross Marsland Water, forking seaward off the inland track. Cliff folding and offshore rocks are stunning, but almost immediately you lose height to engage the next valley. Henna Cliff is the English coast's second sheerest drop after Beaky Head.

Soon you see Morwenston on the left, half-way and as good a place as any for refreshment or for stopping if you are flagging. The hamlet's Norman church is worth seeing, though parched walkers may find the pub and tea rooms more compelling. Hawker's Hut, 10 metres down from the next cliff-top, was visited by Remondy and Kingsley in the 1840's and is now in the hands of the National Trust.

The coast path continues to traverse wonderfully rugged ground and if the wind is gentle there is an exhilarating walk out along the knife-edge arete of Higher Sharpnose Point, for unsurpassed coastal views. Two plank footbridges over valley streams demand steady footwork in windy conditions: there are

WHENEVER YOU move gardens, take care that you do not lose your plants' labels. I am still unravelling the effects of my last move, last, I hope, in the sense of final as well as most recent.

Something in the removal van liked eating labels for lunch. It ate the labels on the plants, the hardy geraniums, most of the violas and the day lilies. I do not mind about the first three because their flowers will sort them out: the hardy geraniums' leaves are a pleasant test of your botanical wits, as they vary subtly before they flower. What bothered me was the price of day lilies. They could be almost anything. I hope they are the ones from 1984: I very much hope they are not the ones which I bought on trial in 1982.

Day lilies are one of the few flowers which can be classed by vintage. The breeders have been changing their appearance very rapidly, but I am confident that we are on the edge of a new era when we will be growing new forms all over our gardens. You may wonder why anyone bothers with this family when there are so many other good border plants. Even the poor varieties of day lily have their merits. Most of them are very hardy; they will survive almost any soil; they need no attention, apart from a little fertiliser in spring; some of them flower elegantly in a pure colour; they come at a useful time.

None of them flowers for as many months as nurserymen imply, but a few of them do last for weeks and many of them bloom in mid-July when the shrub roses start to fade and the garden is just beginning to warm up that it is feeling tired. Day lilies are not a weird cult like green rose-plantations. They are bright, easy and a real pleasure to plant. The modern yellows when they have grown into a clump after four undisturbed years.

Some corners of this breeders' paradise are pleasanter than others. The reason why I hope that I

QUEENS Park Rangers Football Club is to abandon its controversial synthetic playing surface in favour of traditional grass. In doing so, the club is to make use of the latest technological advances which it believes will enable it to guarantee a playable surface - whatever the weather - as effectively as it has for the past seven years. This is of obvious interest to all groundsmen, but there is also a spin-off for home turf.

In April, when the football season ends, the synthetic carpet will be removed and the subsoil will be excavated to a depth of about 18 inches and replaced with a complete Cellastem installation. This Swiss technological advance involves lining the whole area with plastic film in such a way as to convert it into a series of tub-shaped reservoirs or cells, in each of which the water level can be controlled. This is done via a network of perforated PVC pipes originally developed for foundation drainage but now used for the dual purpose of drainage and underground irrigation.

Because these cells are filled with a porous mixture rainwater is rapidly drained from the sur-

Consider the day lilies



Gardening

sense. With luck, my 78s did not make it into the removal van because they were equally overblown. One of the 78s would be a serious loss: the clear yellow Eyrepon was the only yellow of the top three varieties for any garden. I hope it turns out to be one of my nameless clumps of root.

Most of the others came from a contact in the Midlands who said that she liked them. I began to wonder. They were vigorous, but their flowers were a bronzy shade of mahogany or bronze. One called Tejas was amazingly vigorous. It flowered for nearly two months and ran wild in its bed of pig manure, proving that all day lilies like to be heavily fed.

The size of these new flowers appalled me. In 1984, I looked longingly to the past, when there were small day lilies growing wild in Asia, two of which are still first class plants for gardeners with any discrimination. Hemerocallis Dumortieri is still on the market, a neat little plant with dark buds and small deep yellow flowers just above the upright leaves. Hemerocallis is a pale orange, also quite small and most surprisingly scented, like another of my old favourites, Hemerocallis Flava. The small variety flowers early in June and again in autumn. It is a parent of Golden Chimes which is much better than the name. Golden Chimes also flowers twice if it is well fed. After a while, I realised that it is not so much a day lily as a shrubby lily. Each new set of buds opens at bedtime and lasts for 4 pm until the following afternoon. You can just catch

the opening if you are a dem on a long vacation or a commuter with a season-ticket, which requires you to leave the office early.

This year, these small varieties of day lily will spring to the wider public's notice. In America, the day lily of the decade has been the small orange-yellow Stella de Oro. I first saw it in a photograph sent by a top Wall Street broker after hours; it then turned up in one of the top nursery catalogues, Wayside Gardens, where the English author went into raptures over its merits. Stella de Oro is one of the last children of a great day lily breeder, Walter Jablonski, who created it in his eighties.

By crossing the smaller varieties, he bred this winner with their habit of flowering twice, remaining compact and keeping a clear colour. Stella de Oro was brought to England by Birmingham Nurseries of Dias, Norfolk, where the Bloom family went into raptures over its merits. Stella de Oro is one of the last children of a great day lily breeder, Walter Jablonski, who created it in his eighties.

It is also a symptom that day lily breeders have returned to the plant's smaller origins and seen the point in putting quality before size. It sums up a new start in breeding and it may mark a new start in my garden. If the smaller clumps turn out to be Cherry Checks, it will be the only survivor. My Stella de Oro still has its label, as I only bought it last autumn.

Robin Lane-Fox

Root for QPR

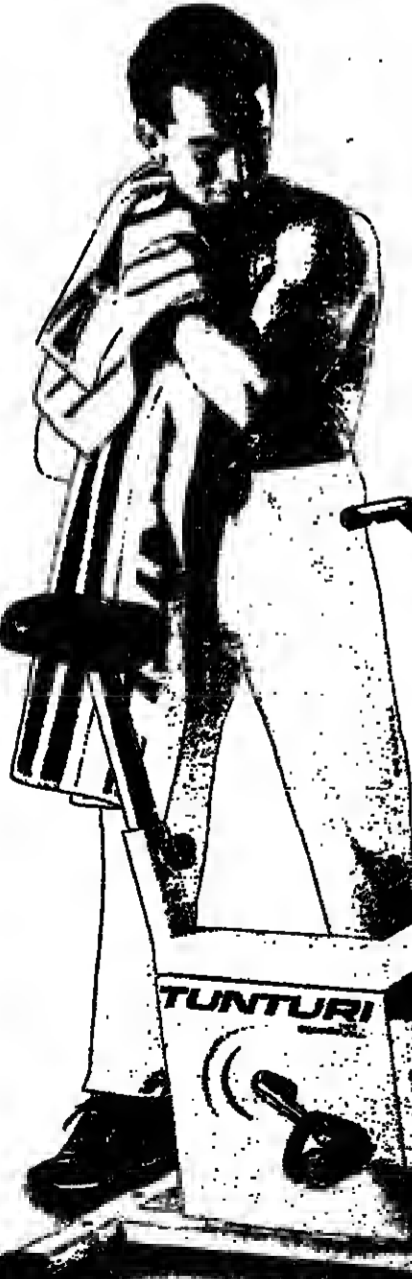
face and stored in the underground pipes. From here any surplus will drain away, either completely or into a reserve cistern for those times when it might be difficult to supplement rainfall by other supplies. However, this will not be necessary at Loftus Road. The water level is regulated by various features of the piping system and rises to the surface by capillary attraction, the natural force that brings moisture up through blotting paper, or any other closely packed material which creates a hair-like channel. It is claimed that this system can deal with a daily rainfall of 38 inches and its storage capacity is claimed to be sufficient for a month's watering, even in a drought. Cellastem has been in use worldwide since the early 1960s and is now used in the Olympic Stadium at Athens and the Prater Stadium at Vienna. Cellastem - and any other method using sand or a very sandy mixture as its growing

medium - needs a special kind of turf from which all soil has been removed. Until now this has not been available commercially in Britain. However, Rolawn, the turf specialist based in Evington, York, which grows turf on more than 1,000 acres of carefully selected farmland throughout the country, is to supply turf to QPR. The company has also developed its own high-pressure washing equipment. I examined a washed turf sample last week and was astonished by its toughness, which was obtained solely from the close knit of carefully selected farmland throughout the country, is to supply turf to QPR. The company has also developed its own high-pressure washing equipment. I examined a washed turf sample last week and was astonished by its toughness, which was obtained solely from the close knit of carefully selected farmland throughout the country, is to supply turf to QPR.

Since the roots are fully exposed by the washing the turf must be laid rapidly, certainly the same day as the washing, and this precludes its use for most home purposes. However, it does appear from experiments that washed turf has advantages over ordinary turf even when it is to be laid on soil. Apparently, provided it is properly laid after it establishes itself more rapidly and makes a stronger sward. Why this is so is not altogether clear, but it is a common observation that plants of all kinds adapt their root systems to suit the soil in which they are growing and that any great change in soil structure can cause considerable difficulties. This is why we are so frequently advised to buy plants as near home as possible and from a nursery with soil of a similar type to that in our own gardens.

Arthur Hellyer

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Models in tip-top shape

THOUSANDS of model rail enthusiasts will be getting up steam for the International Model Railway Exhibition (Imrex 88) at the Royal Horticultural Society Halls, London, from today. It will be the exhibition's largest show-case.

In all, more than 25,000 enthusiasts are expected at the exhibition which finishes on Thursday. London's Model Railway Club - probably the most important of the 700 model railway clubs in the UK - is behind the organisation. The club claims to be the world's oldest, founded in 1910. There will be 110 trade stalls and 21 will be devoted to working model train displays.

Largest exhibitors will be the German manufacturers, Märklin and Fleischmann, which, along with Hornby, Lima of Italy and Roco of Austria, dominate the market. Märklin is the world's oldest model railway hobby company, dating from 1859 when its models were made of wood and were driven by the hands of German youngsters.

An enduring memory of my youth is of my uncle whose entire loft was dedicated to model trains. It was the Chicago stockyards, New York's Grand Central Station and London's Clapham Junction rolled into one with a dozen transformers powering heavy metal engines. 'You could do all of that on one transformer now,' remarks Tony Richards, Märklin's UK representative.

The technology is such that we can now develop a train over the same track on a single power plant. Electricity remains the modus operandi for most of the six main gauges - I, O, S, OO/HO, N and Z. N and Z are popular in Japan because of their small size and the lack of capacious lofts in which to run the models. Kato, of Tokyo, thought to be the high-tech leader and a leading force in the US, produces engines and carriages scarcely the size of a thumb.

Steam plays its part in powering the larger models, known as garden gauge, that some UK



enthusiasts are putting into their backyards. At Imrex, the largest working model on display will be a steam train, operated by members of the Gauge One Model Railway Association of Eastwood, British Rail's Network Southeast division has clipped in with a large electrically powered working model of its southeast rail network in OO gauge.

There will also be models of some of Britain and Europe's more historic lines, such as the Blisen Y Cwm central Wales line in OO gauge; the Calder Valley line in OO gauge as it operated between Littleborough and Todmorden around 1980, in the dying days of steam; the Aylesham Great Eastern Railway line in Norfolk in N gauge using equipment from before and after the First World War; and the Swiss alpine Disentis/Muster line operating over 12mm track.

Although Hornby equipment will be much in evidence, Britain's biggest manufacturer will again be absent from the exhibition. With an annual turnover of £30m and 66 per cent of UK market share - its nearest competitor is Lima of Italy - it has been recovering from the ravaging the traditional trade suffered in the early 1980s in the face of Star Wars computer games. The recovery is looking secure, says Hornby's Simon Kohler, with the company able to supply complete train sets for as little as £40 with 'mature' sets available for under £100. But as with any hobby where growth is linked to high-tech developments, the sky can be the limit. Some engines cost more than £1,000, such as a German-built behemoth, with twelve drive wheels called the crocodile.

Frank Gray

Advertisement for Bolens lawn tractor, featuring a photograph of the machine and technical specifications.

Advertisement for Amdeca 'In an English Country Garden...' featuring a photograph of a garden and contact information.

Handwritten text at the bottom of the page: 'الطريق الى الجنة'

DIVERSIONS

Goodbye to formal arrangements; hello to the fresh, natural look

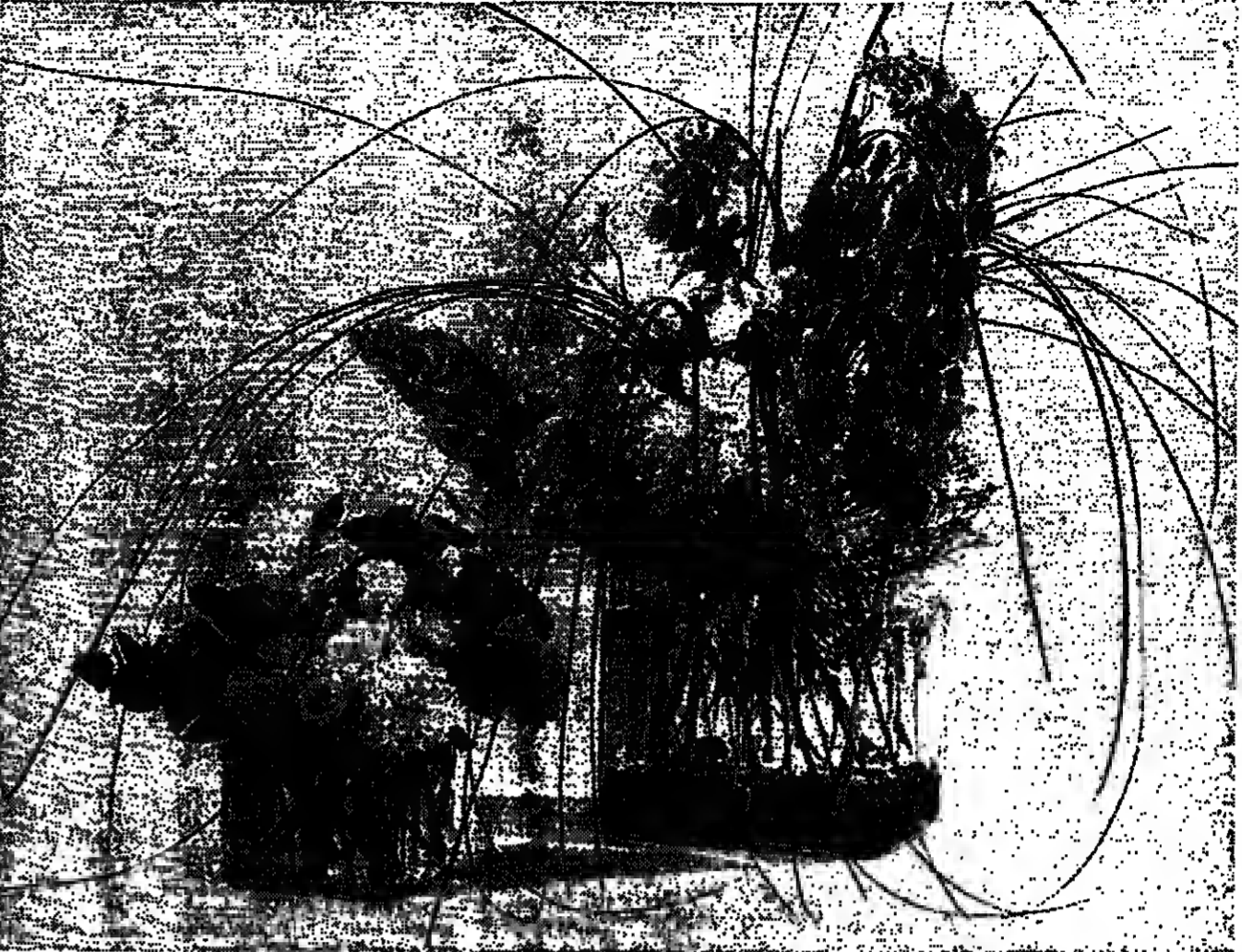
Say it with flowers - but be sure to say it with flair

Flowers getting less and less simple. Nowadays it is not just your clothes or your car that tell you what you are...

there is now a feeling for a very voluptuous kind of materialism - once again, nothing stiff, nothing forced, but masses and masses of foliage and blooms...



A specific lunch party? was the fact that two of what I had fondly imagined were the chicest names in the floral world subcontracted the job without warning us.



Flowers today are as vital a part of the contemporary design scene as furniture, curtains and wallpaper. They should look as artless as fresh from the meadow, as uncontrived as possible.

Flowers today are as vital a part of the contemporary design scene as furniture, curtains and wallpaper. They should look as artless as fresh from the meadow...

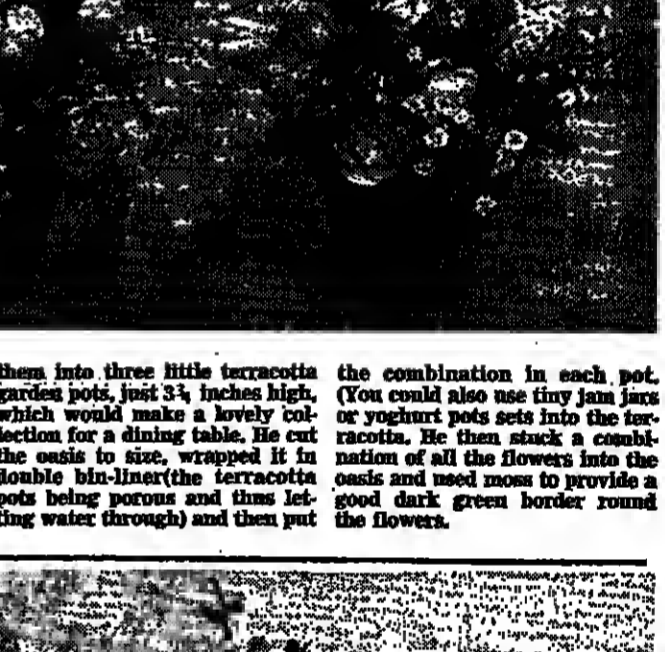
bridge restaurant will already probably have noticed the Austin touch in its stunning flowers. Though the prime idea behind the flowers from the florists was to learn from David Austin just how to make the most of an average floral tribute...



Photographed here are David Austin's suggestions for arranging the flowers the florists sent. Felton & Sons, 5 Cheapside, London EC2. Tel. 01-236-7261.

MOYSES STEVENS, 6 Bruton Street, London W1. Tel. 01-493-9171. We asked for a bunch of flowers of just white and green costing about £18. A lovely looking bunch of tulips, freesias, eysophilla, narcissi and asparagus fern...

glass containers it is important that the arrangement under the water looks as good as possible. In the small square vase, left, he added nothing of his own, just making a densely packed arrangement of the yellow flowers and some of the greenery.



CAROLINE DICKENSON, 35 Park Street, London W1. Tel. 01-499-3341. We asked for about £15 worth of rather formal flowers and at 12 pm precisely an exquisitely simple collection of 4 stems of beautiful creamy white Longform lilies arrived.

lots of buds. They will last a long time. He removed some of the leaves near the flowerheads, which helps make the lilies last longer, used a simple cylindrical dark green vase and added some contorted willow of his own.

SELFRIDGES (Longmans), Oxford Street, London W1. Tel. 01-499-1284. We asked for a collection of roses for about £18. At 2 pm came some dark red roses, (not shown here) which given the brief they'd been given was fine, but the stems of the roses had been cut to make a spray effect in the cellophane.

WILLIAM HAYFORD, 26 Queen Victoria Street, London EC4. Tel. 01-248-6512. We rang Pugh & Carr and asked for some pretty, soft country flowers at about £17.50 to be delivered on a given Tuesday morning.

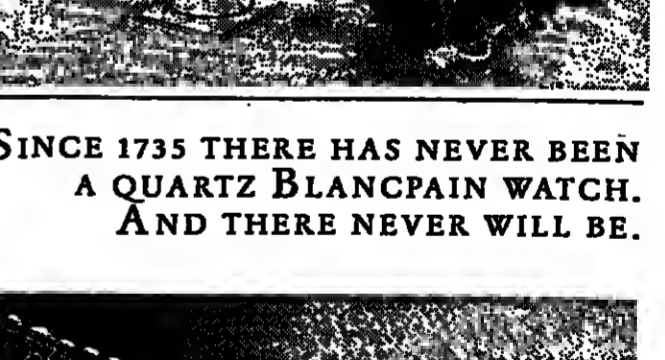


AS EASTER is upon us, the urge to get out and about begins to stir in us all. Even those who have remained in resolute armchair hibernation throughout the winter months may be lured by bird song and flower buds to fling open the windows and draw a few sharp breaths of pale, smelt spring air.

the season for many families is point-to-point. Everyone knows that fresh air makes the appetite bolder and, as veteran point-to-pointers are well aware, the air that whistles round a course tends to be fresher than most. So, although stamping around in your Barbour, chatting and chatting are important features of the day, I think the essential ingredient is the picnic.

finger food is tricky in my experience. Grilled sausages, for instance, tend to be tepid by the time I inspect and serve them. Much more successful, I find, are finger foods which are hot in the sense that they are spiced with devilled or curried flavourings.

instead. The flavour of this more economic cut is good but it is not so tender. Marinate it well and score the surface lightly before grilling. For one person, cut the end crusts from a tin loaf or cut a 6-8in piece of French bread in half lengthways and scoop out some of the crust to make a hollow.

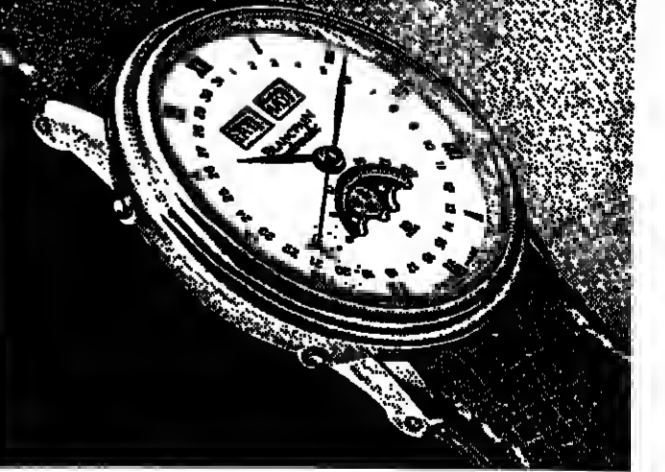


NBI logo and text: Help us to care for those who have cared. People who have devoted their lives to the care of others and are now in need of help themselves...

My first choice without any doubt is piping hot soup or stew. The sort of soups I have in mind are not this but about generously with goodies you can really get your teeth into.



Place the sandwich between two sheets of greaseproof paper, cover with a board and put a few small weights on top. Over an hour or so, add more weights gradually so the sandwich is compressed by degrees. The crumb will act like blotting paper, absorbing the delicious meaty juices which are prevented from escaping by the crust.



No Fifty Six watch advertisement: Descriptive Antiques and Gifts for the Discerning. Five Five Six Antiques...

Try, for example, a green lentil soup made with knuckle of ham and given extra aroma with fresh chopped leeks or celery. (Include the leaves if using celery and add a good shake of celery salt for good measure.)

Other finger foods that always seem to be wolfed down appreciatively include individual raised game pies and Scotch eggs, which are a glorious revelation when home-made. Use quail's eggs for these if you can; they have the best possible ratio of meaty covering to egg.

Most popular of all in my family are petit four biscuits plus a bar of good chocolate, a combination which provides a much more satisfactory proportion of chocolate to biscuit than chocolate biscuits do.

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ARTS

Nigel Andrews contemplates the need for a visit to Vulcan

Beam me up, Spocky

Three Men And A Baby (CG) Warner Bros. Ltd. The Motion Picture Co. (U) ICA; Uncommon Sense (CA) Asterix In Britain (U) Cannon Pantone Street and Tottenham Court Road

Dear Mr Spock, Or may I affectionately call you "Old bet dear"? So glad that under your terrestrial name of Leonard Nimoy you have scored such a huge success on Earth as director of Three Men And A Baby, quite a change from Star Trek. I see that this comedy about three devil-may-care bachelors forced to look after a baby left outside their door one day - they share a large penthouse overlooking Central Park - has made \$150m to date. This certainly beats the hit French comedy on which it was based, Three Men And A Cradle. Well done! And on a lighter note, I take it there is no truth in the rumour that you were given the project because Hollywood, never good at names, thought you were the author of several best-selling books on baby care.

Certainly there is plenty here for those who find hilarity in scenes of nappy-changing, of bed or sofa-wetting and of Baby (played in relay by twins Lisa and Michelle Blake) wailing and screaming all night. Likewise, who could withhold a giggle at the first time that Baby goes "poo-poo" in her Pampers? And for that matter at the second, third and fourth times she does so. You have also conjured resourceful performances from

the leads. Ted (Cheers) Danson and Steve (Police Academy) Guttenberg are both better than usual. And as bachelor number three, how nice to see Tom (Magnum) Salick proving himself as a big-screen actor, with just a touch of the Cary Grant. (But not too much.) However, there are one or two things, Mr Spock, that I feel betray your unfamiliarity as a Vulcanite with earthly behaviour. For instance here on Earth it seems awfully unlikely that three unmarried men would be living together in their mid-thirties, even in a large luxury penthouse; unless there was more here than met the eye. And you have clearly tried to counter such suspicions by having them going on at great length about their girlfriends and about "pregging chicks."

Secondly, if these men did live together and have a baby dumped on them (by an old girlfriend of Mr Danson's), they would surely be able to afford a nanny? Indeed, to judge by the size and state of their apartment and its furnishings, they would be able to afford a fleet of nannies. Thirdly - and I realise you have been away in Outer Space for some years now, Mr Spock - Western society has recently come around to regarding women

as human beings in their own right, not merely as machines for being pronged and giving birth. I am not sure that your film, amusing as it is, quite takes this new perspective into account. But these are mere quibbles. In this comedy of infant care you have boldly gone where only three or four previous films in the last six months have gone before. Your movie is certainly better than Baby Boom (I think, if not as good as Raising Arizona (I am certain). I am sorry I will not be able to take advantage of your kind invitation to see the movie again, at a special screening for Vulcanites, their wives and other guests. It so happens I am going away that day. As far away as possible. Perhaps to Vulcan. Yours sincerely, Nigel Andrews

content with pouring statuettes-winning films over us, Warners also dug deep into their trove of classic musicals this month. Tap your feet to such classics as Footlights Parade, 42nd Street, Yankee Doodle Dandy and A Star Is Born. The wonder of seeing musicals on video is that you can personally rearrange and re-choreograph them. I am still playing fascinatedly with my video of *Singin' In The Rain* (MGM/UA); making Gene Kelly sing the title song backwards, for instance, with an ascending shower. With an E in the month, April is also a grand time for movies beginning with that letter. The pick of the new feature films out on video are three comedies: *Raising Arizona* (CBS/Fox), *Roxanne* (RCA/Columbia) and *Radio Days* (RCA/Columbia). The first is Joel and Ethan Coen's delicious comedy of baby-napping (and still the best) in the current boom for films about infants. Nicolas (Moonstruck) Cage and Holly Hunter, Oscar nominee for *Broadcast News*, star. The second film has Steve Martin extending his range and his nose in a blithe comedy update of *Cyrano De Bergerac*. And *Radio Days* is Woody Allen's mock-autobiographical account of a Long Island childhood, which despite some sticky nostalgia has the customary number of crunchy, wholesome gags. All this and *La Bamba* (RCA/Columbia) too. This spirited musical about singer Ritchie Valens scored a huge hit among Latino and white audiences alike in America, and for minority-nervous Hollywood it finally took the panic out of Hispanic. See, listen and enjoy.



Extra-terrestrial misunderstandings: Leonard Nimoy



Helen Field and Thomas Randle in ENO Magic Flute

Magic Flute sings of simple pleasures

THE SUCCESS of the latest English National Opera *Magic Flute*, which is great, depends on its expert proportioning of essential requirements. It is first a popular entertainment, second an adventure, and third an allegorical exercise in spiritual enlightenment. The order of those properties is important, because in recent times (not least in Jonathan Miller's Scottish Opera production, which visited the Coliseum to elevate lofty, solemn, erudite point-making above simple pleasures seemed to have grown dangerously.

It is a show of bold elegance in design. The basic set, a white curved frame with a reflective floor, cracks apart for scene-setting at the very back of the stage (the rest of which is Rynier flanks and, largely, justifies). Colours are for the most part clearly asserted. The "architecture" of the sliding temple panels is spectacular. Sarastro's community, dressed somewhat as Quakers or Shakers outdoors and Egyptian Masque indoors, introduces a temporary note of clutter, though the egalitarian wholesomeness of the groupings makes its point. (Illustrations in the ENO programme book aid the production's suggestion that Sarastro's America is in its idealized late-18th century perception.)

As in the same producer's ENO *Xerxes* or Paris *Gaïdo Cesare*, the magic assortment of detail here together creates a way of enjoying than to describe. Probably the key to the production is that all its characters are emotionally "real" - not just Papageno. I've never before seen so vigorously and urgently passionate an enactment of the Queen's second aria (and Nan Christie, always an intelligent singer, has never before glittered so brightly in her music).

THE BRITISH theatre is notoriously shy of theory and discussion, often with good reason. Our practitioners tend to get on with the job, leaving intellectual extrapolation to critics and bleak international conferences elsewhere. Last Saturday, though, the Institute of Contemporary Arts in the Mall, London, held a discussion day linked to the season of new theatre, *Homework 2*, that has been running in the ICA Theatre for the past month. "Whose Homework?" we were asked, and there was some creative ground between contemporary theatre work in the Black, Asian and New theatre companies? It seemed there was not. Much of the day was taken up with self-assertive political statements by various interested parties. The actual season of work we have witnessed was barely touched on. The new director of the ICA Theatre, the charming, top-knotted John Wisdom from Jamaica via off-off-Broadway and Washington, DC, patiently tried to steer the debate towards a consideration of new trends, a developing theatre language, artistic and intellectual imperatives, a sense of common purpose.

Barmy common nonsense



Robert Wisdom

The biggest GLA scandal of all is the continued closure of the Round House in North London, designated a Black Arts centre by the disbanded Greater London Council who gave it £2m. GLA still pours over a quarter of a million pounds a year into the closed Round House. Its black elephant status only indicates the extent to which the multicultural apparatuses are all puff and wind and absolutely no du. In one of his speeches, Mr Verma blithely and ignorantly sneered at the European "validation" of *The Mahabharata* by Peter Brook, an artist who has pursued a mixed-race, mixed-cast artistic policy for almost 20 years. I mentioned the untrumpeted inter-racial casting by Jonathan Miller in *The Emperor*. That was a "conscious" gesture came the reply. Miller was acting "consciously", as opposed to what? Unconsciously, in his imbecility, white theatre liberals are helpless, except of course when dealing with sensible and talented black artists themselves. Robert Wisdom may yet play a key role in this debate. He knows at first hand how the aesthetics of performance art in America

were politically based, notably in the work of the feminist agitators of the mid-1970s such as Judy Chicago. But it was always theatre first, just as the avant-garde happenings of the early 1960s were an extension of artists working on canvas. Nothing much happened as a result of anyone making speeches or forming little political power bases. The best part of last Saturday was when artists as diverse as the performers Annie Griffin and Tyrone Huggins, and the directors Tim Etchells (of Forced Entertainment) and Hilary Westlake (of Lumiere and Son), gave modest but graphically informative accounts of their working methods and aspirations. Etchells' Sheffield-based company was an outstanding participant in last year's first ICA *Homework* season. This year, the discoveries for me have been the expressive comic mime of Gary Stevens in *Different Ghosts*, and the poetic and ambitiously scaled dream dance drama of Axis Mundi in *The Hanging Tree*. The latter show's designer, Simon Vincent, has just worked to significant effect on a *Cherry Orchard* in a big regional theatre, the Sheffield Crucible. There is mounting evidence that the new experimental work fostered at venues such as the ICA is indeed percolating through to the nation's theatre at large. You see it all the time in opera, notably in the work of director Tim Albery and his design associates, first teamed at the ICA. The "Spring Loaded" new dance programmes at the Place near Finsbury in London are the brainchild of John Ashford, a restless innovator and tireless apologist who also spent some years at the ICA. Where we stood exactly what might happen next, were subjects unconsciously rumored from the agenda by the vociferous multiculturalists. They also wanted to hicker about multiculturalism itself, as opposed to multi-racialism, not to mention Eurocentric post-colonialism (I think I got tarred with that brush) and "irrelevant criteria". At the end of which I rather felt like going out to see a good film, and not necessarily a foreign-language multicultural one, either. A late application of halmy comic policy was a welcome contrast to barmy common nonsense, was provided by Hilary Westlake, who advocated working towards synthesis rather than multicultural separatism. She also reminded the floor that all theatre groups were up against it, always had been. They were, in fact, all on the same side. Her words were heeded because she put them modestly and had 15 years of experience and growing achievement behind her.

Radio Upstaged by a castaway

SUB LAWLEY had an unfair start for her first appearance as presenter of *Desert Island Discs*, an event that has been as keenly apprehended as a Domingo performance at the Garden. She showed herself intelligent and sympathetic to a degree hardly needed on this over-rated programme, but she was beaten hands-down by her castaway, Lord Eshelham in his best bellingring manner. I wondered sometimes if it wouldn't have been a good idea if he had taken over the programme himself. I have to come back to *Whose is the Kingdom?* this week, for we have reached the climactic point, the Council of Nicaea. We reached it in Part Six yesterday week, and a pretty rowdy Council it was, all the Bishops arguing against one another with sentences that began "It is the fault of," until it was interrupted by the Bishop of Cyprus's daughter initiating a discussion about St. Paul, who was baptised by the Apostle Mary. Why, yes, there were 12 women apostles, Arina, who could not accept the phrase "of the same substance as the Father," was exiled at the beginning of Part Seven, and Bishop Hecolus, having announced that "we have seen the whole Church united," set himself to ensure that the Emperor Constantine accepted what the Bishops told him.

The play continues with what I think of as the fictional element in the story, the adventures of the Empress Faustina, with "The Flying Child," her daughter Helen Faustina, and the black Melanthio. The woman philosopher (and

commentator) Kybele is among the many new cures ("Arina is not the only heretic"; indeed she is condemned to death, but is picked up by the Bishop of London, who promises to set her up in the desert (where we first met her in Part One). If some of the theology is tough for many of us; we could hear Arina's problem: whether Jesus was completely God, discredited on Radio 3 on Sunday by four divines - an Anglican bishop, a Roman Catholic priest and two Dissenters. The debate was positively Nicene in its difficulties, but I got the impression that Arina had something on his side. I was particularly glad to hear that I was not the only Christian to have my doubts about the Creed.

John Arden and Margaretta D'Arvy, the authors of *Whose is the Kingdom?* are also the authors of *Amoscard Corners*, the book of essays from which Radio 3's interval readings have come this week. I learnt in the first reading that I must not call them the Ardens. Since I have been so devoted to Radio 3 this week, I should also mention *Private Dreams and Public Nightmares*, a poem composed by Frederick Brindum 30 years ago, specifically for use as a vehicle of the BBC Radiophonic Workshop (founded 30 years ago). As a poem, it said little to me, though I liked one line, "It was you, headlined the startled world into my suspended world of peace," as a vehicle, it was just a vehicle, even under the skilled hands of Donald McWhinnie. Perhaps it would have been more interesting to hear a radiophonic

production of some familiar poem: "Say not the struggle naught availed," say. Holy Week or not, I needed occasional light relief. The stories from *Leaning Tower*, read nightly by the author, Gertrude Kellor in *A Book at Bedtime*, did very well, though they weren't within an hour of my bedtime. They are profoundly sentimental. You can be sure that if anyone is unpleasant, somebody likes him, if there is someone no-one likes, he is surely pleasant. That is the sort of formula, and Mr Kellor's Canadian voice is pleasantly relaxing. To come even further from the literary, there is *Al Read on Radio 3* on Wednesdays, relaying gossipy stories from Kipling Street, Salford. There was a lot about the sausage-filling machine before we got to Harry's scintilla (and a long time before the first laugh from a sticky studio audience). But then we heard the story about the removal of tonsils as treatment for scintilla, and the pay-off line when the wrong chap had been given the operation. It's not what you say, it's the way that you say it.

The pleasures of the show include a his-bo white Monostato in villainous green satin (Alexander Oliver), three witty (if not very euphoniously blending) Ladies (Susan Bullock, Ethna Robinson, Anne-Marie Owens) and three generally well-tuned boys. Perhaps the evening's greatest is John Rawnsley's roly-poly Yorkshire Papageno. Given this performer's tried-and-tested ability to sell himself to a theatre's earliest tiers, an over-the-top bird-man might have been feared. But Mr Rawnsley is delicate as well as broad in his comedy. The role is filtered through his personality, and comes out marvellously fresh and whole.

PICK OF THE WEEK AT CHRISTIE'S

Ernest Proctor, A.R.A. (1886-1935) The Last Judgement Pen, ink and watercolour (detail)

Ernest Proctor was a pupil of Stanhope Alexander Forbes at Newlyn in Cornwall. A member of the New English Art Club and an Associate of the Royal Academy, he also worked in Burma where he decorated the interior of the Kolkine Palace at Rangoon with his wife Dod Proctor. The Last Judgement will be included in the sale of Modern British and Continental Watercolours, Drawings and Sculpture at Christie's South Kensington on Thursday 7 April at 2 p.m. Other works by Dame Laura Knight, Edward Ardizzone and Augustus John are to be offered for sale. For further information about this and other sales in the next week telephone either South Kensington (01-581 7611) or King Street (01-839 9060).

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B.A. Young Chess No. 717 Black can win by 99. B-KR5; A-B8 (also B-K1); R-QN5; A-B8 99 R-QB7; White can draw by 100 R-K4, R-QN7; 101 R-QB4, R-N1 ch; 102 R-B8. After 100 R-K3? Black won by R-QN7 since if 101 R-QB8, BxR. Under 1988 rules, Black would have 100 moves, not 50, to win this endgame.



